

**TOWN OF NEWTON
SCHOOL DISTRICT**

**Town of Newton School District
Newton, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020**

**Comprehensive Annual
Financial Report**

of the

**Town of Newton School District
Board of Education**

Newton, New Jersey

For the Fiscal Year Ended June 30, 2020

Prepared by

**Town of Newton School District
Board Office**

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INTRODUCTORY SECTION

Newton Public Schools
57 Trinity Street ♦ Newton, NJ 07860-1831
973-383-7392 phone ♦ 973-383-5378 fax
www.newtonnj.org

Dr. G. Kennedy Greene
Superintendent

Donna Snyder-DeVita
Interim Business Administrator

December 14, 2020

The Honorable President and Members of
the Board of Education
Town of Newton School District
County of Sussex, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Town of Newton School District (the "District") for the fiscal year ended June 30, 2020, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Town of Newton School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Town of Newton School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Preschool through 12. These include regular, vocational, as well as special education for handicapped youngsters. The District completed the 2019-2020 fiscal year with an average daily enrollment of 1,560 students, a small increase from the previous year.

2) ECONOMIC CONDITION AND OUTLOOK: As the County Seat, the Town of Newton continues to have increasing numbers of low-income and homeless families, as well as English Language Learners. Social services are available in Newton, as is the ability to walk to government offices, the library for Internet access and schools. Homeless shelters throughout the County are full, and an increasing amount of staff time is spent trying to keep accurate track of students, determining which district bears the financial responsibility for educating them, creating contracts and tracking the finances. The stabilization of the local tax levy remains a constant source of concern for the Board of Education, as well as the municipality, particularly during the pandemic with the reduction in tax receipts at the state and local levels. Both entities continue to recognize the importance of offering quality programs and facilities while maintaining fiscal responsibility. Due to Senate Bill S-2 the District has been receiving more state aid as overfunded districts are having equalization reduced to benefit underfunded districts like Newton.

The District continued the educational partnerships with Thorlabs and Picatinny as they supported the Robotics Team. As Thorlabs continues to grow, there should be further opportunities to expand the existing partnerships and develop new ones with the companies that will evolve to meet the needs of the research and development headquarters. To support this important opportunity, the District continues to look for ways to increase Science, Technology, Engineering and Mathematics (STEM) education throughout the District. Newton Public Schools continue to expand technology and software available for education. Thorlabs supported student mental health initiatives with a generous donation that started this year and is expected to continue for the next two years.

The District's Choose 2 Connect (C2C), a Nita McLowey 21st Century Community Learning Center grant program which provides an after-school and extended-year program for Grades 3-8, as well as family and parenting programs in both English and Spanish, was highly successful in its second year of the five-year grant. This program is run by the school district and focuses on a STEM curriculum. The program includes a summer curriculum and trips, and continued to grow during the school year. The District aligned some of its programs with C2C so that more students could participate.

In the 2019-20 school year, Newton High School received students from Andover Borough, Andover Township and Green Township, which constituted approximately 53.2% of the high school population, and realized approximately \$7 million in regular and special education tuition revenue for these students.

In order to continue to develop a budget that is both educationally and economically sound, the Board and Administration continue to work together to ensure the most effective use of resources to deal with the educational costs by accepting tuition students for special programs, returning out-of-district placements to the local schools, and constantly seeking cost-minimizing ways of providing supplies and services.

The 2019-20 budget included funds for a school bus, additional security equipment, a secure vestibule at Halsted Middle School, a water abatement project at Newton High School, athletic equipment, structural repairs at Newton High School, purchase of a home to be used as a Board Office (did not occur, as the deal fell through) and architectural/engineering fees for capital projects for the 2019-20 school year.

3) MAJOR INITIATIVES:

(A) Strategic Plan for School Facilities—Due to the defeated referendum in September 2017, the District must continue to maintain aging facilities. Projects utilizing capital reserve will continue to provide needed building maintenance and improvements.

3) MAJOR INITIATIVES: (Cont'd)

(B) Student-Centered Learning—A District goal was to develop and implement curriculum and provide professional development that strengthens student-centered learning to increase student achievement. Activities included staff book discussions, professional development, PLC's, and development of curriculum in content areas, including digital citizenship. These efforts proved successful.

(C) Community Schools—A Newton-specific model for Community Schools was developed to increase student achievement. The model has formalized existing relationships and expanded to a full Community Schools program.

(D) School Funding—The District continued receiving reallocated state aid in 2019-20.

(E) Preschool—The District continued to receive Preschool Education Expansion Aid (PEEA) in 2019-20. Along with private providers First Impressions and Little Sprouts, along with the Norwescap Head Start program, we were able to serve the needs of more than 100 preschool children from Newton at no cost to their parents. The PEEA will continue as state aid for the foreseeable future.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. The Board of Education adopted a comprehensive Standard Operating Procedures Manual and Internal Controls Document at the end of 2009, which was updated in 2013.

As a recipient of federal and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management. As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as restrictions, commitments and/or assignments of fund balance at June 30, 2020.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements," Note 1.

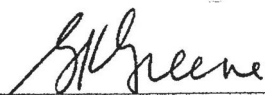
7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements," Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Board is a member of the School Alliance Insurance Fund ("SAIF"). SAIF is a risk-sharing public entity risk management pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to their members. A schedule of insurance coverage is found on Exhibit J-20.

9) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The Auditors' Report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The Auditors' Reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

10) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Town of Newton School District Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.

Respectfully submitted,

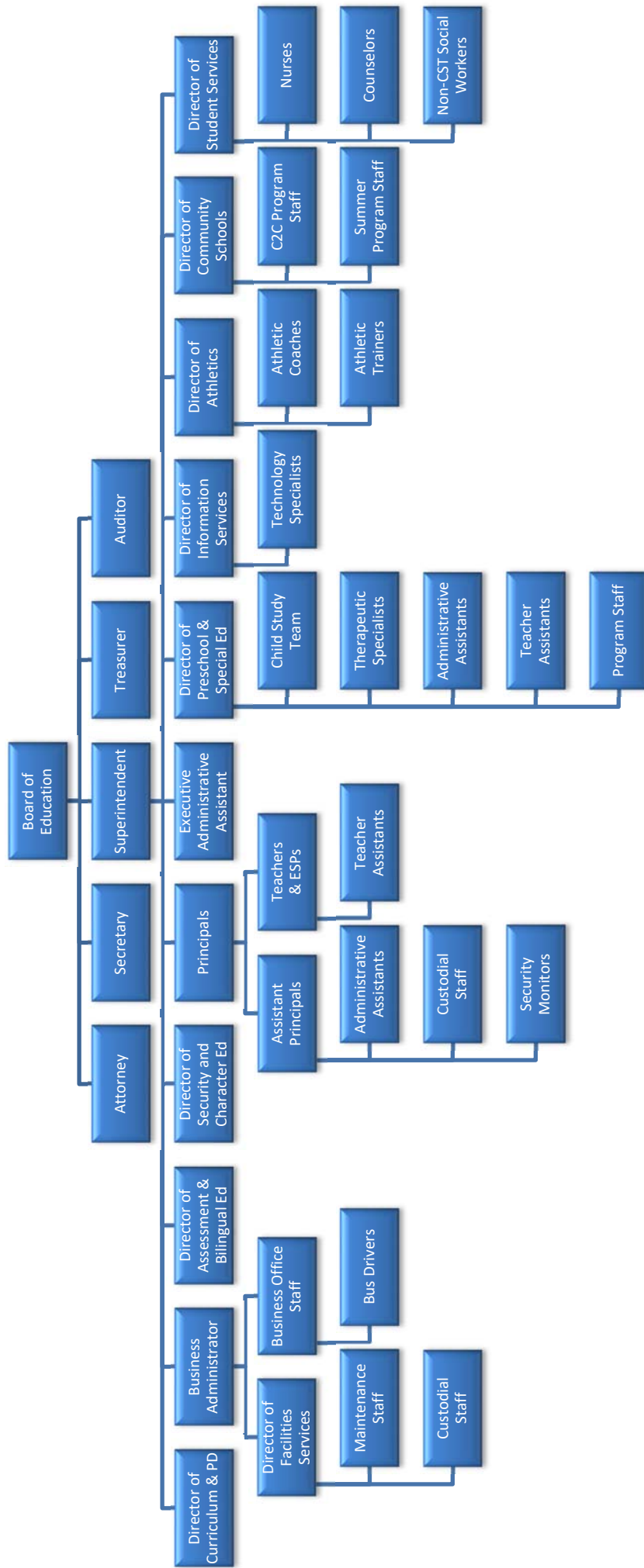


Dr. G. Kennedy Greene
Superintendent of Schools



Donna Snyder-DeVita
Interim Business Administrator/Board Secretary

Newton Public Schools Organization Chart 2019-20



**TOWN OF NEWTON SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2020**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Stella Dunn, President	2020
Ed Caffrey, Vice President	2022
Grace Dickson	2021
Joan Faye	2021
Jenna Genung	2021
Tina Larsen	2020
Raymond Morris	2022
Anthony Neggers II	2022
Lisa Qarmout	2020
Jessica Brennan (Andover Regional Representative)	2020
Ann Marie Cooke (Green Township Representative)	2020

<u>Other Officers</u>	<u>Title</u>
Dr. G. Kennedy Greene	Superintendent of Schools
Dr. Alfred Savio	School Business Administrator/Board Secretary (until 8/1/20)
Donna C. Snyder	Interim School Business Administrator/Board Secretary (from 8/1/20)
Dawn L. Babcock	Treasurer of School Monies (until 10/31/19)
Theresa Schlosser	Treasurer of School Monies (from 11/1/19)
Stephen Edelstein	School Board Attorney

TOWN OF NEWTON BOARD OF EDUCATION

Consultants and Advisors

Audit Firm

Nisivoccia LLP, CPAs
Mount Arlington Corporate Center
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Mount Arlington, NJ 07856-1320

And

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Architect of Record

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Bond Counsel

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Woodbridge, NJ 07095

Official Depository

Lakeland Bank
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Newton, NJ 07860

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Town of Newton School District
County of Sussex, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Town of Newton School District (the "District") in the County of Sussex, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Town of Newton School District, in the County of Sussex, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and postemployment benefits schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical section are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying other supplementary schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Honorable President and Members
of the Board of Education
Town of Newton School District
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The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2020 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

December 14, 2020
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Heidi A. Wohlleb

Heidi A. Wohlleb
Licensed Public School Accountant #2140
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2020

This section of Town of Newton School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food services.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1

Organization of the School District's Financial Report

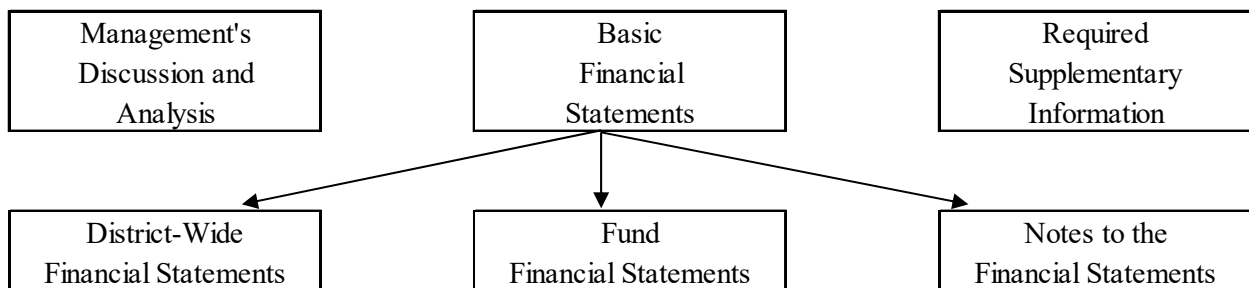


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and after care program	Instances in which the District administers resources on behalf of someone else, such as student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred inflows and outflows and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets, deferred inflows and outflows and liabilities – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes, tuition and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service and after care programs are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for other programs and activities. The District currently does not maintain any internal service funds.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District

excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Notes to Basic Financial Statements: Provide additional information essential to a full understanding of the District-wide and fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The District's combined net position increased by \$755,684. Net position from governmental activities increased by \$806,210 and net position from business-type activities decreased by \$50,526. Net investment in capital assets decreased by \$2,858,550, restricted net position increased by \$446,387, and unrestricted net position increased by \$3,167,847.

Figure A-3

Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Percentage Change 2019/20
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	
Current and							
Other Assets	\$ 5,669,905	\$ 2,188,568	\$ 289,737	\$ 269,760	\$ 5,959,642	\$ 2,458,328	
Capital Assets, Net	14,106,358	14,312,376	59,321	60,727	14,165,679	14,373,103	
Total Assets	<u>19,776,263</u>	<u>16,500,944</u>	<u>349,058</u>	<u>330,487</u>	<u>20,125,321</u>	<u>16,831,431</u>	19.57%
Deferred Outflows of Resources	<u>1,285,864</u>	<u>1,832,017</u>			<u>1,285,864</u>	<u>1,832,017</u>	-29.81%
Other Liabilities	931,682	965,185	102,670	33,573	1,034,352	998,758	
Long-Term Liabilities							
Outstanding	16,251,210	14,230,792			16,251,210	14,230,792	
Total Liabilities	<u>17,182,892</u>	<u>15,195,977</u>	<u>102,670</u>	<u>33,573</u>	<u>17,285,562</u>	<u>15,229,550</u>	13.50%
Deferred Inflows of Resources	<u>2,557,316</u>	<u>2,621,275</u>			<u>2,557,316</u>	<u>2,621,275</u>	-2.44%
Net Position:							
Net Investment in							
Capital Assets	5,636,736	8,493,880	59,321	60,727	5,696,057	8,554,607	
Restricted	1,735,394	1,289,007			1,735,394	1,289,007	
Unrestricted/(Deficit)	<u>(6,050,211)</u>	<u>(9,267,178)</u>	<u>187,067</u>	<u>236,187</u>	<u>(5,863,144)</u>	<u>(9,030,991)</u>	
Total Net Position	<u>\$ 1,321,919</u>	<u>\$ 515,709</u>	<u>\$ 246,388</u>	<u>\$ 296,914</u>	<u>\$ 1,568,307</u>	<u>\$ 812,623</u>	92.99%

Changes in Net Position. The District's combined net position was \$1,568,307 on June 30, 2020, an increase of \$755,684 or 92.99% more than the year before. (See Figure A-3). Net Investment in Capital Assets decreased due to current year depreciation expense of \$638,273, new capital leases of \$3,022,093 and a net decrease in deferred amount on refunding of \$9,078; offset by current year capital assets additions (net of deletions) of \$430,849, maturity of \$40,045 in capital lease payable and maturity of \$340,000 in serial bonds payable. Restricted net position increased mainly due to the creation of a Tuition Reserve of \$571,514; offset by the net decrease in Capital Reserve of \$125,127. Unrestricted net position increased mainly due to a net increase in Capital Projects committed fund balance of \$2,894,128 and changes in deferred outflows and deferred inflows related to pensions and the related net pension liability of \$190,074.

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities 2019/20	Business- Type Activities 2019/20	Governmental Activities 2018/19	Business- Type Activities 2018/19	Total School District 2019/20	Total School District 2018/19	Percentage Change 2019/20
Revenue:							
Program Revenue:							
Charges for Services	\$ 7,590,182	\$ 240,764	\$ 8,010,017	\$ 350,334	\$ 7,830,946	\$ 8,360,351	
Operating Grants and Contributions	9,681,204	355,325	10,471,799	338,277	10,036,529	10,810,076	
General Revenue:							
Property Taxes	12,890,372		12,889,294		12,890,372	12,889,294	
Unrestricted State and Federal Aid	6,247,849		5,657,427		6,247,849	5,657,427	
Other	77,064	1,723	95,918	1,998	78,787	97,916	
Total Revenue	36,486,671	597,812	37,124,455	690,609	37,084,483	37,815,064	-1.93%
Expenses:							
Instruction	20,823,744		22,396,226		20,823,744	22,396,226	
Pupil and Instruction Services	6,994,269		6,410,951		6,994,269	6,410,951	
Administrative and Business	3,667,237		3,911,367		3,667,237	3,911,367	
Maintenance and Operations	2,870,910		3,008,142		2,870,910	3,008,142	
Transportation	926,303		922,274		926,303	922,274	
Other	397,998	648,338	298,580	676,079	1,046,336	974,659	
Total Expenses	35,680,461	648,338	36,947,540	676,079	36,328,799	37,623,619	-3.44%
Increase/(Decrease) in Net Position	\$ 806,210	\$ (50,526)	\$ 176,915	\$ 14,530	\$ 755,684	\$ 191,445	294.73%

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District improved. However, maintaining existing programs and enrollment and the provision of special programs and services for disabled pupils, combined with rising salary and benefit costs, school security, out of district tuitions, state mandates on testing and energy costs place great demands on the District’s resources.

Careful management of expenses and increases in revenues remains essential for the District to sustain its financial health. The District continues to receive the benefit of cost saving measures from the past few years, especially the energy conservation measures and insurance changes.

It is crucial that the District examine its expenses carefully. Staff, parental and student demands for salary increases, activities, small class sizes and programs must be evaluated thoroughly. Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation and other. The table also shows each activity’s net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

The net cost shows the financial burden placed on the District’s taxpayers by each of these functions:

Figure A-5

	Net Cost of Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2019/20	2019/20	2018/19	2018/19
Instruction	\$ 20,823,744	\$ 10,583,817	\$ 22,396,226	\$ 10,792,803
Pupil and Instruction Services	6,994,269	2,980,118	6,410,951	2,956,510
Administrative and Business	3,667,237	2,183,000	3,911,367	2,162,998
Maintenance and Operations	2,870,910	1,832,891	3,008,142	1,830,209
Transportation	926,303	431,251	922,274	424,624
Other	397,998	397,998	298,580	298,580
	<u>\$ 35,680,461</u>	<u>\$ 18,409,075</u>	<u>\$ 36,947,540</u>	<u>\$ 18,465,724</u>

Business-Type Activities

Net position from the District’s business-type activity decreased by \$50,526 (Refer to Figure A-4). The decrease in net position was primarily due to the following:

- A \$109,570 decrease in operating revenue mainly due to a decrease in Daily Sales and other income; offset by a decrease of \$27,741 in operating expenses. The Governor ordered all school districts operations closed effective March 18, 2020 through the end of the school year on June 30, 2020 due to COVID-19.
- A \$17,048 increase in subsidy reimbursements and food distribution program revenue due primarily to the participation for the first time in the Summer Food Service Program, After School Snack Program, and the Child and Adult Café Food Program less reduced participation in the Lunch and Breakfast programs during the COVID-19 shutdown of the school from mid-March to the end of the school year in June.
- A \$275 decrease in interest income.

Financial Analysis of the District’s Funds

The District’s financial position increased on a fund basis due primarily to an excess in tuition revenue and a state homeless reimbursement as well as unexpended appropriations and the unexpended capital lease proceeds.

The District has utilized creative staffing and scheduling to avoid eliminating instructional and co-curricular programs. Not only has the District not cut programs, but increases in technology and programming have been implemented.

To maintain a stable financial position, the District must continue to practice sound fiscal management, including efficiency/cost containment practices, evaluation of services and programs, energy conservation, and seeking additional sources of revenues.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments were due to:

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

Capital Assets and Long-term Liabilities Administration

Figure A-6

	Capital Assets (Net of Depreciation)						Percentage Change 2019/20
	Government Activities		Business-Type Activities		Total School District		
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	
Sites and Site Improvements	\$ 1,922,467	\$ 1,803,970			\$ 1,922,467	\$ 1,803,970	
Buildings and Building Improvements	11,274,610	11,602,470			11,274,610	11,602,470	
Machinery and Equipment	909,281	905,936	\$ 59,321	\$ 60,727	968,602	966,663	
Total	\$ 14,106,358	\$ 14,312,376	\$ 59,321	\$ 60,727	\$ 14,165,679	\$ 14,373,103	-1.44%

Long-term Liabilities

The District's long term liabilities increased by \$2,020,418 or 14.20% from last year – as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

Figure A-7

	Total School District		Percentage Change 2019/20
	2019/20	2018/19	
	General Obligation Bonds (Financed with Property Taxes)	\$ 5,395,000	
Unamortized Bond Issuance Premium	436,577	473,998	
Net Pension Liability	6,085,367	6,770,044	
Compensated Absences Payable	1,152,218	1,051,750	
Capital Leases Payable	3,182,048	200,000	
	\$ 16,251,210	\$ 14,230,792	14.20%

- The District continued to pay down its bonded debt, retiring \$340,000 of outstanding bonds.
- Unamortized bond issuance premium decreased by \$37,421.
- Compensated absences payable increased by a net amount of \$100,468.
- Net pension liability decreased by \$684,677.
- The District entered into capital lease purchase agreements for a modular building and an energy savings improvement project totaling \$3,022,093.
- The District paid down \$40,045 in lease principal during the fiscal year

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future:

- The State of New Jersey continues to go through significant changes in school funding and these changes impact the District. Long-term financial planning has always been difficult; it is now impossible. The current definition of prudent fiscal planning means being flexible, knowing what your needs are if revenue increases and also knowing what programs or expenses will be reduced if revenue decreases. Due to the pandemic, state revenues are reduced. Anticipated state aid for 2020-21 has been reduced since budget approval. We are able to utilize federal stimulus funds to offset some of the lost revenue, and with unanticipated retirements, we have some breakage to help offset the loss. The District cut seven teaching positions last year, and will cut an additional three positions for 2020-21, along with several teacher assistant positions.
- The Newton Board of Education received a 21st Century Learning Center grant that completed its second year of operation. Annually, over 250 students were able to take advantage of the academically based after school and extended year program. At least 150 students can be served in the program, and up to 300 students can be enrolled.
- The Board faces continued maintenance of the three aging school building that are over 50, 70, and 100 years old.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 57 Trinity Street, Newton, New Jersey 07860.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

TOWN OF NEWTON SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents		\$ 200,254	\$ 200,254
Receivables from State Government	\$ 323,644	1,358	325,002
Receivables from Federal Government	71,249	25,657	96,906
Receivables from Other Governments	4,756		4,756
Other Receivables	3,535,581	45,078	3,580,659
Internal Balances	(718)	718	
Inventories		16,672	16,672
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	1,163,879		1,163,879
Tuition Reserve Account - Cash and Cash Equivalents	571,514		571,514
Capital Assets, Net:			
Sites (Land)	330,620		330,620
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	13,775,738	59,321	13,835,059
Total Assets	<u>19,776,263</u>	<u>349,058</u>	<u>20,125,321</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Amount on Refunding	107,426		107,426
Deferred Outflows Related to Pensions	828,438		828,438
District Contribution Subsequent to the Measurement Date - Pensions	350,000		350,000
Total Deferred Outflows of Resources	<u>1,285,864</u>		<u>1,285,864</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	530,049	77,971	608,020
Accrued Interest Payable	86,986		86,986
Payable to State Government		103	103
Payable to Federal Government		12,080	12,080
Unearned Revenue	314,647	12,516	327,163
Noncurrent Liabilities:			
Due Within One Year	656,817		656,817
Due Beyond One Year	15,594,393		15,594,393
Total Liabilities	<u>17,182,892</u>	<u>102,670</u>	<u>17,285,562</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	2,557,316		2,557,316
Total Deferred Inflows of Resources	<u>2,557,316</u>		<u>2,557,316</u>
<u>NET POSITION/(DEFICIT)</u>			
Net Investment in Capital Assets	5,636,736	59,321	5,696,057
Restricted for:			
Capital Projects	1,163,879		1,163,879
Tuition Reserve	571,514		571,514
Debt Service	1		1
Unrestricted/(Deficit)	(6,050,211)	187,067	(5,863,144)
Total Net Position	<u>\$ 1,321,919</u>	<u>\$ 246,388</u>	<u>\$ 1,568,307</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWN OF NEWTON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 15,313,264	\$ 3,368,567	\$ 3,838,070	\$ (8,106,627)	\$	\$ (8,106,627)
Special Education	3,716,196	817,478	1,509,679	(1,389,039)		(1,389,039)
Other Special Instruction	303,636	66,793	52,367	(184,476)		(184,476)
School Sponsored/Other Instruction	1,490,648	327,908	259,065	(903,675)		(903,675)
Support Services:						
Tuition	783,488		371,017	(412,471)		(412,471)
Student and Instruction Related Services	6,210,781	1,366,229	2,276,905	(2,567,647)		(2,567,647)
General Administrative Services	682,733	150,186	88,538	(444,009)		(444,009)
School Administrative Services	2,009,877	442,127	410,496	(1,157,254)		(1,157,254)
Central Services	657,880	144,718	130,779	(382,383)		(382,383)
Administrative Information Technology	316,747	69,677	47,716	(199,354)		(199,354)
Plant Operations and Maintenance	2,870,910	631,534	406,485	(1,832,891)		(1,832,891)
Pupil Transportation	926,303	204,965	290,087	(431,251)		(431,251)
Transfer of Funds to Charter School	236,271			(236,271)		(236,271)
Interest on Long-Term Debt	161,727			(161,727)		(161,727)
Total Governmental Activities	35,680,461	7,590,182	9,681,204	(18,409,075)		(18,409,075)
Business-Type Activities:						
Food Service	551,521	166,055	355,325		\$ (30,141)	(30,141)
After Care	96,817	74,709			(22,108)	(22,108)
Total Business-Type Activities	648,338	240,764	355,325		(52,249)	(52,249)
Total Primary Government	\$ 36,328,799	\$ 7,830,946	\$ 10,036,529	(18,409,075)	(52,249)	(18,461,324)

TOWN OF NEWTON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 12,357,185		\$ 12,357,185
Taxes Levied for Debt Service	533,187		533,187
Federal, State and Local Aid not Restricted	6,247,849		6,247,849
Interest Earnings	29,394	\$ 1,723	31,117
Miscellaneous Income	47,670		47,670
Total General Revenues	19,215,285	1,723	19,217,008
Change in Net Position	806,210	(50,526)	755,684
Net Position - Beginning	515,709	296,914	812,623
Net Position - Ending	\$ 1,321,919	\$ 246,388	\$ 1,568,307

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

TOWN OF NEWTON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Interfund Receivable	\$ 159,651			\$ 1	\$ 159,652
Receivables From State Government	323,644				323,644
Receivables From Federal Government		\$ 71,249			71,249
Receivables From Other Governments	4,756				4,756
Other Accounts Receivables	75,000	436,453	\$ 3,024,128		3,535,581
Restricted Cash and Cash Equivalents	1,735,393				1,735,393
Total Assets	\$ 2,298,444	\$ 507,702	\$ 3,024,128	\$ 1	\$ 5,830,275
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Payable	\$ 718	\$ 159,652			\$ 160,370
Accounts Payable	31,829	148,220			180,049
Unearned Revenue		314,647			314,647
Total Liabilities	32,547	622,519			655,066
Fund Balances:					
Restricted:					
Tuition Reserve Account	571,514				571,514
Capital Reserve Account	1,163,879				1,163,879
Debt Service				\$ 1	1
Committed:					
Capital Projects			\$ 3,024,128		3,024,128
Assigned:					
Designated for Subsequent Year's Expenditures	114,602				114,602
Other Purposes	415,902				415,902
Unassigned/(Deficit):					
Special Revenue Fund		(114,817)			(114,817)
Total Fund Balances/(Deficit)	2,265,897	(114,817)	3,024,128	1	5,175,209
Total Liabilities and Fund Balances	\$ 2,298,444	\$ 507,702	\$ 3,024,128	\$ 1	\$ 5,830,275

TOWN OF NEWTON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>Total Governmental Funds</u>
Amounts Reported for <i>Governmental Activities</i> in the Statement of Net Position (A-1) are Different Because:	
Total Fund Balances from previous page	\$ 5,175,209
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds.	14,106,358
Bond Issuance Premiums are Reported as Revenue in the Governmental Funds in the Year the Bonds are Sold.	(436,577)
The Deferred Amount on Refunding is not Reported as an Expenditure in the Governmental Funds in the Year of the Expenditure.	107,426
Interest on Long-Term Debt is not Accrued in Governmental Funds, but Rather is Recognized as an Expenditure When Due.	(86,986)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(6,085,367)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Deferred Outflows	828,438
Deferred Inflows	(2,557,316)
Long-Term Liabilities, Including Bonds Payable and Capital Leases Payable, are not Due and Payable in the Current Period and Therefore are not Reported as Liabilities in the Funds.	<u>(9,729,266)</u>
Net Position of Governmental Activities	<u><u>\$ 1,321,919</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL
STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

TOWN OF NEWTON SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 12,357,185			\$ 533,187	\$ 12,890,372
Tuition from Other LEAs	7,588,482				7,588,482
Tuition from Individuals	500				500
Transportation Fees from LEAs	1,200				1,200
Rents and Royalties	12,000				12,000
Interest Earned on Capital Reserve Funds	5,887				5,887
Miscellaneous	59,177	\$ 34,948			94,125
Total - Local Sources	20,024,431	34,948		533,187	20,592,566
State Sources	11,940,056	1,304,560			13,244,616
Federal Sources	50,536	1,052,416			1,102,952
Total Revenues	32,015,023	2,391,924		533,187	34,940,134
EXPENDITURES:					
Current:					
Regular Instruction	8,654,776	844,361			9,499,137
Special Education Instruction	2,148,373	2,467			2,150,840
Other Special Instruction	193,770				193,770
School-Sponsored/Other Instruction	996,459				996,459
Support Services and Undistributed Costs:					
Tuition	412,471	371,017			783,488
Student and Other Instruction Related Services	3,087,437	1,254,964			4,342,401
General Administrative Services	553,870				553,870
School Administrative Services	1,179,624				1,179,624
Central Services	413,408				413,408
Administrative Information Technology	240,360				240,360
Plant Operations and Maintenance	1,909,935				1,909,935
Student Transportation	723,646				723,646
Unallocated Benefits	10,161,634				10,161,634
Debt Service:					
Principal				340,000	340,000
Interest and Other Charges				193,187	193,187
Capital Outlay	373,632	9,390	\$ 127,965		510,987
Transfer of Funds to Charter School	236,271				236,271
Total Expenditures	31,285,666	2,482,199	127,965	533,187	34,429,017
Excess/(Deficit) of Revenue Over/(Under) Expenditures	729,357	(90,275)	(127,965)		511,117
Other Financing Sources/(Uses):					
Lease Purchase Agreement Proceeds			3,022,093		3,022,093
Transfers	(62,386)	62,386			
Total Other Financing Sources/(Uses)	(62,386)	62,386	3,022,093		3,022,093
Net Change in Fund Balances	666,971	(27,889)	2,894,128		3,533,210
Fund Balance/(Deficit) - July 1	1,598,926	(86,928)	130,000	1	1,641,999
Fund Balance/(Deficit) - June 30	\$ 2,265,897	\$ (114,817)	\$ 3,024,128	\$ 1	\$ 5,175,209

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWN OF NEWTON SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ 3,533,210
<p>Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differs from depreciation and deletions of capital assets, net of accumulated depreciation in the period.</p>		
Depreciation Expense	\$ (627,372)	
Deletion of Capital Assets, net of Accumulated Depreciation	(5,177)	
Capital Outlays	426,531	(206,018)
<p>In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. When accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).</p>		
		3,117
<p>Leases entered into by the District are an other financing source in the Governmental Funds, but the acquisition increases Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.</p>		
		(3,022,093)
<p>Repayment of capital leases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.</p>		
		40,045
<p>Repayment of serial bonds is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.</p>		
		340,000
<p>The governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>		
		37,421
<p>The governmental funds report the effect of the deferred amount on refunding when debt is first issued, whereas this amount is deferred and amortized in the statement of activities.</p>		
		(9,078)
<p>The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:</p>		
Change in Net Pension Liability		684,677
Change in Deferred Outflows		(558,562)
Change in Deferred Inflows		63,959
<p>In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		(100,468)
Change in Net Position of Governmental Activities		\$ 806,210

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWN OF NEWTON SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Business-Type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Total Enterprise
	Food Service	After Care Program	
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 197,890	\$ 2,364	\$ 200,254
Interfund Receivable - General Fund	718		718
Interfund Receivable - Food Service Fund		250	250
Intergovernmental Accounts Receivable:			
State	1,358		1,358
Federal	25,657		25,657
Other Accounts Receivable	32,915	12,163	45,078
Inventories	16,672		16,672
Total Current Assets	<u>275,210</u>	<u>14,777</u>	<u>289,987</u>
Non-Current Assets:			
Capital Assets	221,538		221,538
Less: Accumulated Depreciation	(162,217)		(162,217)
Total Non-Current Assets	<u>59,321</u>		<u>59,321</u>
Total Assets	<u>334,531</u>	<u>14,777</u>	<u>349,308</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable - Vendors	77,971		77,971
Payable to State Government	103		103
Payable to Federal Government	12,080		12,080
Interfund Receivable - After Care Program	250		250
Unearned Revenue - Donated Commodities	2,047		2,047
Unearned Revenue - Prepaid Sales	10,469		10,469
Total Current Liabilities	<u>102,920</u>		<u>102,920</u>
<u>NET POSITION:</u>			
Investment in Capital Assets	59,321		59,321
Unrestricted	172,290	14,777	187,067
Total Net Position	<u>\$ 231,611</u>	<u>\$ 14,777</u>	<u>\$ 246,388</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

TOWN OF NEWTON SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Total
	Food Service	After Care Program	Enterprise
Operating Revenue:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ 90,328		\$ 90,328
Daily Sales - Non-Reimbursable Programs	39,551		39,551
Other Income	27,952	\$ 74,709	102,661
Special Events	8,224		8,224
Total Operating Revenue	166,055	74,709	240,764
Operating Expenses:			
Cost of Sales - Reimbursable Programs	157,611		157,611
Cost of Sales - Non-Reimbursable Programs	19,480		19,480
Salaries, Benefits & Payroll Taxes	229,612	77,642	307,254
Other Purchased Services	4,500	1,300	5,800
Supplies, Insurance and Other Costs	19,709	17,875	37,584
Management Fee	52,851		52,851
Miscellaneous Expenses	56,857		56,857
Depreciation Expense	10,901		10,901
Total Operating Expenses	551,521	96,817	648,338
Operating Loss	(385,466)	(22,108)	(407,574)
Non-Operating Revenue:			
Local Sources:			
Interest Income	1,409	314	1,723
State Sources:			
State School Lunch Program	5,072		5,072
COVID-19 Seamless Summer Option	216		216
Federal Sources:			
National School Lunch Program	160,645		160,645
School Breakfast Program	85,348		85,348
COVID-19 Seamless Summer Option	22,378		22,378
After School Snack Program	5,349		5,349
Child and Adult Care Food Program	24,650		24,650
Summer Food Service Program	38,613		38,613
Food Distribution Program	13,054		13,054
Total Non-Operating Revenue	356,734	314	357,048
Change in Net Position	(28,732)	(21,794)	(50,526)
Net Position - Beginning of Year	260,343	36,571	296,914
Net Position - End of Year	\$ 231,611	\$ 14,777	\$ 246,388

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWN OF NEWTON SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	Total Enterprise
	Food Service	After Care Program	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 175,680	\$ 74,501	\$ 250,181
Payments to Food Service Contractor	(462,271)		(462,271)
Payments to/for Employees		(77,642)	(77,642)
Payments for Suppliers	(34,204)	(19,175)	(53,379)
Net Cash Used for Operating Activities	(320,795)	(22,316)	(343,111)
Cash Flows from Capital and Related Financing Activities:			
Purchases of Capital Assets	(9,495)		(9,495)
Net Cash Used for Capital and Related Financing Activities	(9,495)		(9,495)
Cash Flows from Investing Activities:			
Interest Income	1,409	314	1,723
Net Cash Provided by Investing Activities	1,409	314	1,723
Cash Flows from Noncapital Financing Activities:			
State Sources Collected in Food Service Fund	3,563		3,563
Federal Sources Collected in Food Service Fund	340,454		340,454
Net Cash Provided by Noncapital Financing Activities	344,017		344,017
Net Increase/(Decrease) in Cash and Cash Equivalents	15,136	(22,002)	(6,866)
Cash and Cash Equivalents, July 1	182,754	24,366	207,120
Cash and Cash Equivalents, June 30	\$ 197,890	\$ 2,364	\$ 200,254

TOWN OF NEWTON SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Major Fund</u>	<u>Non-Major Fund</u>	<u>Total</u>
	<u>Food</u> <u>Service</u>	<u>After Care</u> <u>Program</u>	
Reconciliation of Operating Loss to Net Cash			
Used for Operating Activities:			
Operating Loss	\$ (385,466)	\$ (22,108)	\$ (407,574)
Adjustment to Reconcile Operating Loss to Net Cash			
Used for Operating Activities:			
Depreciation	10,901		10,901
Food Distribution Program	13,054		13,054
Changes in Assets and Liabilities:			
Increase in Unearned Revenue	10,319		10,319
Increase in Accounts Payable	46,595		46,595
(Increase) in Other Accounts Receivable	(10,759)	(208)	(10,967)
(Increase) in Inventory	(5,439)		(5,439)
Net Cash Used for Operating Activities	<u>\$ (320,795)</u>	<u>\$ (22,316)</u>	<u>\$ (343,111)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$12,904 and utilized U.S.D.A. Commodities valued at \$13,054.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN
INTEGRAL PART OF THIS STATEMENT

TOWN OF NEWTON SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	<u>Agency</u>	<u>Private Purpose Scholarship Trust</u>
<u>ASSETS:</u>		
Cash and Cash Equivalents	\$ 333,025	\$ 113,439
Investments	13,000	
Total Assets	<u>346,025</u>	<u>113,439</u>
<u>LIABILITIES:</u>		
Payroll Deductions and Withholdings	46,915	
Due to Student Groups	299,110	
Total Liabilities	<u>346,025</u>	
<u>NET POSITION:</u>		
Restricted for Scholarships		<u>113,439</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 113,439</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

TOWN OF NEWTON SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Private Purpose Scholarship Trust</u>
ADDITIONS:	
Contributions:	
Donations	\$ 55,025
Total Contributions	<u>55,025</u>
Investment Earnings:	
Interest	1,180
Net Investment Earnings	<u>1,180</u>
Total Additions	<u>56,205</u>
DEDUCTIONS:	
Scholarships Awarded	15,200
Total Deductions	<u>15,200</u>
Change in Net Position	41,005
Net Position - Beginning of the Year	<u>72,434</u>
Net Position - End of the Year	<u><u>\$ 113,439</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Town of Newton School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other on exchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation (Cont'd)

District-Wide Financial Statements: (Cont'd)

Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund. These resources can be transferred from and to current expenses by board resolution.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation (Cont'd)

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The District reports the following proprietary fund:

Enterprise Funds: The Enterprise Funds account for all revenue and expenses pertaining to the Board's cafeteria operations and after care program. The Food Service Fund and After Care Program are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund and the Private Purpose Scholarship Trust.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2020 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The general and special revenue funds budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" and Other Financing Sources from the Budgetary Comparison Schedule	\$ 32,065,979	\$ 2,536,472
Differences - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis does not.		
Current Year Encumbrances		(54,357)
Cancellation of Prior Year Encumbrances		(347)
Prior Year Encumbrances		431
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	647,618	86,928
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(698,574)	(114,817)
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 32,015,023	\$ 2,454,310

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control (Cont'd)

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 31,285,666	\$ 2,536,472
Differences - Budgetary to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		(54,357)
Cancellation of Prior Year Encumbrances		(347)
Prior Year Encumbrances		431
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 31,285,666	\$ 2,482,199

E. Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey school districts are limited as to the type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A 17:9-41et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers.

Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities or governmental and agency funds, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2020.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition value.

The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment. The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	50 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Capital assets are not capitalized and the related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the district-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premium and discounts are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2020.

N. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. Compensated Absences (Cont'd)

District employees are granted varying amounts of vacation and sick leave in accordance with the District's various employee contracts/agreements. Upon termination, employees are paid for accrued vacation. The District's various employee contracts/agreements permit employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee contracts/agreements.

In addition, the Board of Education has cooperated with the Education Association in the establishment of a Sick Leave Bank. Any Association member may participate in the Bank on a voluntary basis by donating a small number of personal days to the Sick Leave Bank.

In the district-wide Statement of Net Position, the liabilities, whose average maturities are greater than one year, should be reported in two components – the amount due within one year and the amount due in more than one year.

O. Unearned Revenue

Unearned revenue in the special revenue and the enterprise funds represent cash which has been received but not yet earned.

P. Fund Balance Appropriated

General Fund: Of the \$2,265,897 General Fund fund balance at June 30, 2020, \$415,902 is assigned for encumbrances; \$1,163,879 is restricted in the capital reserve account; \$571,514 is restricted in the tuition reserve account; \$114,602 of assigned fund balance, which has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2021 which is \$135,398 less than on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2021; and \$0- in unassigned fund balance, which is \$563,176 less than the budgetary unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2021.

Special Revenue Fund: The deficit fund balance of \$114,817 in Special Revenue Fund at June 30, 2020 is unassigned. This deficit is due to the last two June state aid payments, which are not recognized until the fiscal year ended June 30, 2021 on a GAAP basis.

Capital Projects Fund: The \$3,024,128 fund balance in the Capital Projects Fund at June 30, 2020 is committed.

Debt Service Fund: Of the \$1 restricted fund balance in the Debt Service Fund at June 30, 2020, \$1 is restricted for the next subsequent year's budget.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (s1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has no excess surplus at June 30, 2020.

P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the last state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Fund Balance Appropriated (Cont'd)

For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize these last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments noted above.

Q. Deficit Net Position and Fund Balance

The District has a deficit in unrestricted net position of \$6,050,211 in governmental activities, which is primarily due to accrued interest payable, an unamortized bond premium, compensated absences payable, deferred inflows related to pensions and net pension liability; net of fund balance assigned for subsequent year's expenditures, assigned for encumbrances, committed fund balance, and deferred outflows related to pensions. The District has a deficit in fund balance of \$114,817 in the Special Revenue Fund as of June 30, 2020 as a result of the last two state aid payments that are not recognized on a GAAP basis. These deficits do not indicate that the District is in financial difficulties. These deficits are a permitted practice under generally accepted accounting principles.

R. Net Position:

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2020 for the deferred amount on refunding of debt related to the District's 2016 refunding bonds and pensions. The District had deferred inflows of resources at June 30, 2020 for pensions.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

S. Fund Balance Restrictions, Commitments and Assignments

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for a capital reserve, tuition reserve, and debt service.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources in the capital projects fund at June 30, 2020.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for the 2020/2021 budget and encumbrances in the General Fund at June 30, 2020.

T. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest and tuition.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the respective Enterprise Fund. For the School District, these revenues are sales for food service and fees for after care services. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the respective Enterprise Fund.

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

W. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following pages.

Custodial Credit Risk – The District’s policy with respect to custodial credit risk requires that the District ensures that District funds are only deposited in financial institutions in which New Jersey school districts are permitted to invest their funds.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit, and

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law”, P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.
- (9) Deposit of funds in accordance with the following conditions:
 - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

As of June 30, 2020, cash and cash equivalents and investments of the District consisted of the following:

	<u>Restricted Cash and Cash Equivalents</u>		<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Total</u>
	<u>Capital Reserve Account</u>	<u>Tuition Reserve Account</u>			
Checking Accounts	\$ 1,163,879	\$ 571,514	\$ 646,718		\$ 2,382,111
Certificates of Deposit				\$ 13,000	13,000
	<u>\$ 1,163,879</u>	<u>\$ 571,514</u>	<u>\$ 646,718</u>	<u>\$ 13,000</u>	<u>\$ 2,395,111</u>

During the period ended June 30, 2020, the District did not hold any investments other than certificate of deposits. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2020, was \$2,395,111 and the bank balance was \$2,463,808.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of \$100 on September 26, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Beginning Balance, July 1, 2019	\$ 1,289,006
Add: Transfer from Unassigned Fund Balance as per Board Resolution - June 2020	374,871
Interest Earnings	5,887
Unexpended Balance Returned from Capital Outlay	244,608
Less: Budgeted Withdrawal from Capital Reserve	(680,493)
Withdrawal as per Board Resolution	<u>(70,000)</u>
Ending Balance, June 30, 2020	<u>\$ 1,163,879</u>

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The balance in the capital reserve account at June 30, 2020 does not exceed the LRFP balance of local support costs of uncompleted capital projects. Withdrawals from the capital reserve were for use in DOE approved facilities projects consistent with the District's LRFP.

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 330,620			\$ 330,620
Total Capital Assets Not Being Depreciated	<u>330,620</u>			<u>330,620</u>
Capital Assets Being Depreciated:				
Site Improvements	2,473,093	\$ 249,184		2,722,277
Buildings and Building Improvements	17,879,680			17,879,680
Machinery and Equipment	<u>2,552,533</u>	<u>177,347</u>	\$ (25,781)	<u>2,704,099</u>
Total Capital Assets Being Depreciated	<u>22,905,306</u>	<u>426,531</u>	<u>(25,781)</u>	<u>23,306,056</u>
Governmental Activities Capital Assets	<u>23,235,926</u>	<u>426,531</u>	<u>(25,781)</u>	<u>23,636,676</u>
Less: Accumulated Depreciation for:				
Site Improvements	(999,743)	(130,687)		(1,130,430)
Buildings and Building Improvements	(6,277,210)	(327,860)		(6,605,070)
Machinery and Equipment	<u>(1,646,597)</u>	<u>(168,825)</u>	20,604	<u>(1,794,818)</u>
	<u>(8,923,550)</u>	<u>(627,372)</u>	<u>20,604</u>	<u>(9,530,318)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 14,312,376</u>	<u>\$ (200,841)</u>	<u>\$ (5,177)</u>	<u>\$ 14,106,358</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 212,043	\$ 9,495		\$ 221,538
Less: Accumulated Depreciation	<u>(151,316)</u>	<u>(10,901)</u>		<u>(162,217)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 60,727</u>	<u>\$ (1,406)</u>	<u>\$ -0-</u>	<u>\$ 59,321</u>
Depreciation expense was charged to governmental functions as follows:				
Regular Instruction				\$ 474,063
School Sponsored/Other Instruction				34,060
Student and Instruction Related Services				432
Operations and Maintenance of Plant				47,536
Student Transportation				<u>71,281</u>
				<u>\$ 627,372</u>

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 6. OPERATING LEASES

The District has a commitment to lease copying equipment under an operating lease which expires in January 2023. Future minimum lease payments are as follows:

<u>Year Ending</u>	<u>Amount</u>
June 30, 2021	\$ 33,554
June 30, 2022	33,554
June 30, 2023	33,554
Total future minimum lease payments	<u>\$ 100,662</u>

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2020, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2019</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2020</u>
Serial Bonds Payable	\$ 5,735,000		\$ 340,000	\$ 5,395,000
Unamortized Bond Issuance Premium	473,998		37,421	436,577
Net Pension Liability	6,770,044		684,677	6,085,367
Compensated Absences Payable	1,051,750	\$ 176,263	75,795	1,152,218
Capital Leases Payable	200,000	3,022,093	40,045	3,182,048
	<u>\$ 14,230,792</u>	<u>\$ 3,198,356</u>	<u>\$ 1,177,938</u>	<u>\$ 16,251,210</u>

A. Unamortized Bond Issuance Premium

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$37,421 and is separated from the long-term liability balance of \$399,156.

B. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

On April 21, 2016, the District issued refunding school bonds of \$6,535,000 with interest rates ranging from 1.00% to 4.00% to refund \$6,850,000 of 2006 refunding school bonds with interest rates ranging from 4.0% to 4.5%. The bonds mature on July 15, 2016 through 2032 and are non-callable. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the 2006 refunding school bonds were called on July 15, 2016. The refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the School's government-wide financial statements. As a result of the refunding, the District will realize a total of \$1,111,935 in cash savings over the life of the bond issue. On a net present value basis, the savings equate to \$918,672, or 13.41%, of the bonds refunded.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

B. Bonds Payable: (Cont'd)

The District had bonds outstanding as of June 30, 2020 as follows:

<u>Purpose</u>	<u>Serial Bonds</u> <u>Final Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Amount</u>
Refunding Bonds of 2016	07/15/32	2.00-4.00%	\$ 5,395,000

Principal and interest due on serial bonds outstanding are as follows:

<u>Year Ending June 30,</u>	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 345,000	\$ 186,337	\$ 531,337
2022	350,000	179,388	529,388
2023	360,000	170,487	530,487
2024	370,000	159,538	529,538
2025	380,000	146,387	526,387
Thereafter 5 Years (2026-2030)	2,125,000	488,213	2,613,213
Thereafter 3 Years (2031-2033)	1,465,000	83,344	1,548,344
	\$ 5,395,000	\$ 1,413,694	\$ 6,808,694

The bond payments will be paid from the Debt Service Fund.

C. Bonds Authorized But Not Issued:

As of June 30, 2020, the Board had no bonds authorized but not issued.

D. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$-0- and is separated from the long-term portion of compensated absences of \$1,152,218. The General Fund will be used to liquidate the governmental funds Compensated Absences Payable.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2020, \$-0- is recorded for compensated absences in the Enterprise Funds.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2020 is \$-0- and the long-term portion is \$6,085,367. See Note 8 for further information on the PERS.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

F. Capital Leases Payable:

The District is leasing a telephone system, school bus and modular building under capital leases valued at \$1,045,758 of which \$40,045 has matured. The capital leases are for a term of five years. The District also has a lease purchase agreement for an energy savings improvement project valued at \$2,176,335 of which \$-0- has matured and been repaid. The capital lease is for a term of 16 years. The following is a schedule of the future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2020.

Fiscal Year	Amount
2021	\$ 336,070
2022	434,135
2023	547,333
2024	500,109
2025	175,980
Thereafter 5 Years (2026-2030)	730,652
Thereafter 5 Years (2031-2035)	767,702
Thereafter 1 Year (2036)	166,684
	3,658,665
Less amount representing interest	(476,617)
Present Value Net of Minimum Lease Payments	\$ 3,182,048

The current portion of the capital lease payable at June 30, 2020 is \$274,396 and the long-term portion is \$2,907,652. The General Fund will be used to liquidate the capital lease payable.

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP), a tax qualified contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service. The following represents the membership tiers for PERS:

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law.

This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$329,934 for fiscal year 2020.

The employee contribution rate was 7.50% effective July 1, 2018.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the District's liability was \$6,085,367 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the District's proportion was 0.0337%, which was a decrease of 0.0006% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized pension expense in the amount of \$140,977. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 16,082	
	2015	5.72	99,441	
	2016	5.57	492,123	
	2017	5.48		\$ 873,577
	2018	5.63		705,930
	2019	5.21		532,705
			<u>607,646</u>	<u>2,112,212</u>
Difference Between Expected and Actual Experience	2015	5.72	27,589	
	2016	5.57	14,935	
	2017	5.48	25,980	
	2018	5.63		26,882
	2019	5.21	40,720	
			<u>109,224</u>	<u>26,882</u>
Net Difference Between Projected and Actual	2016	5.00		(112,319)
Investment Earnings on Pension Plan Investments	2017	5.48		134,790
	2018	5.63		93,757
	2019	5.21		(20,168)
				<u>96,060</u>

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (Cont'd)

	<u>Year</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Proportion	2014	6.44		\$ 25,915
	2015	5.72		1,017
	2016	5.57		58,170
	2017	5.48		125,203
	2018	5.63	\$ 111,568	
	2019	5.21		111,857
			<u>111,568</u>	<u>322,162</u>
District Contribution Subsequent to the Measurement Date	2019	1.00	<u>350,000</u>	
			<u>\$ 1,178,438</u>	<u>\$ 2,557,316</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the District contribution subsequent to measurement date) related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2020	\$ (175,718)
2021	(570,025)
2022	(508,999)
2023	(239,001)
2024	(24,541)
	<u>\$ (1,518,284)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions (Cont'd)

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Management Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2019 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (5.28%)	At Current Discount Rate (6.28%)	At 1% Increase (7.28%)
District's proportionate share of the Net Pension Liability	\$ 7,740,283	\$ 6,085,367	\$ 4,768,873

Pension plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts. The following represents the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2020, the State of New Jersey contributed \$2,679,119 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$4,488,732.

The employee contribution rate was 7.50% effective July 1, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the State's proportionate share of the net pension liability associated with the District was \$76,102,560. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the District's proportion was 0.124%, which was an increase of 0.0009% from its proportion measured as of June 30, 2018.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>76,102,560</u>
Total	<u><u>\$ 76,102,560</u></u>

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$4,488,732 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2020 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (Cont'd)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.50	\$ 768,874,621	
	2015	8.30	2,351,172,865	
	2016	8.30	5,609,216,856	
	2017	8.30		\$ 8,483,527,374
	2018	8.29		5,172,258,445
	2019	8.04		3,507,345,617
				<u>8,729,264,342</u>
Difference Between Expected and Actual Experience	2014	8.30		7,323,009
	2015	8.50	145,211,243	
	2016	8.30		69,755,412
	2017	8.30	150,939,884	
	2018	8.29	907,352,137	
	2019	8.04		136,265,890
				<u>1,203,503,264</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5.00		(431,855,192)
	2017	5.00		452,016,524
	2018	5.00		288,091,115
	2019	5.00		(144,882,771)
			<u>\$ 9,932,767,606</u>	<u>\$ 17,539,845,423</u>

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

Fiscal Year Ending June 30,	Total
2020	\$ (272,405,510)
2021	(704,260,700)
2022	(630,562,767)
2023	(1,216,378,743)
2024	(2,381,316,232)
Thereafter	(2,402,153,865)
	<u>\$ (7,607,077,817)</u>

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (Cont'd)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 – 4.45% based on years of service
Thereafter	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk Management Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 70% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the State's Proportionate Share of the Net Pension Liability Associated with the District to Changes in the Discount Rate

The following presents the State's proportionate share of net pension liability associated with the District as of June 30, 2019 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the State's Proportionate Share of the Net Pension Liability Associated with the District to Changes in the Discount Rate (Cont'd)

	June 30, 2019		
	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 89,741,762	\$ 76,102,560	\$ 64,786,329

Pension Plan Fiduciary Net Position

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$30,748 for the fiscal year ended June 30, 2020. Employee contributions to DCRP amounted to \$54,330 for the fiscal year ended June 30, 2020.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notice-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2018, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	148,051
Active Plan Members	216,892
Total	364,943

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2017 which was rolled forward to June 30, 2018.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	2.50%		
		TPAF/ABP	PERS
Salary Increases:			
Through 2026		1.55 - 3.05% based on service years	2.00 - 6.00% based on service years
Thereafter		1.55 - 3.05% based on service years	3.00 - 7.00% based on service years

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District

	Total OPEB Liability
Balance at June 30, 2018	\$ 59,675,944
Changes for Year:	
Service Cost	1,992,651
Interest on the Total OPEB Liability	2,356,407
Difference between Actual and Expected Experience	(10,397,608)
Changes of Assumptions	787,868
Gross Benefit Payments by the State	(1,622,070)
Contributions from Members	48,083
Net Changes	(6,834,669)
Balance at June 30, 2019	\$ 52,841,275

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
Total OPEB Liability Attributable to the District	\$ 62,426,427	\$ 52,841,275	\$ 45,227,356

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 43,538,855	\$ 52,841,275	\$ 65,155,769

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020 the District recognized OPEB expense of \$748,643 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District’s proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2019 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 6,151,793
	2018	9.51		5,291,374
	2019	9.29	\$ 703,059	
			<u>703,059</u>	<u>11,443,167</u>
Differences between Expected and Actual Experience	2018	9.51		5,001,995
	2019	9.29		8,275,051
				<u>13,277,046</u>
Changes in Proportion	N/A	N/A		2,631,544
			<u>\$ 703,059</u>	<u>\$ 27,351,757</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2020	\$ (3,224,654)
2021	(3,224,651)
2022	(3,224,651)
2023	(3,224,651)
2024	(3,224,651)
Thereafter	(7,893,896)
	<u>\$ (24,017,154)</u>

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains their dental benefits insurance through Delta Dental Plan of New Jersey and their medical and prescription drug coverage through Horizon Blue Cross/Blue Shield of New Jersey.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance

The District is a member of the School Alliance Insurance Fund (the “Fund”). This public entity risk management pool provides general liability, property and automobile coverage and workers’ compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

The Fund is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

As a member of this Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund’s liabilities. The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

Selected, summarized financial information for the Fund as of June 30, 2020 is as follows:

Total Assets	\$ 51,526,293
Net Position	\$ 20,539,909
Total Revenue	\$ 43,264,723
Total Expenses	\$ 41,642,801
Change in Net Position	\$ 1,621,922
Members Dividends	\$ -0-

Financial statements for the Fund are available at the Fund’s Executive Director’s Office:

Public Entity Group Administrative Services
51 Everett Drive
Suite B-40
West Windsor, NJ 08550
(609) 275-1155

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Contributory Method”. Under this plan, the District is required to remit employee withholdings to the State on a quarterly basis. All of the District’s claims are paid by the State.

NOTE 11. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 159,651	\$ 718
Special Revenue Fund		159,652
Debt Service Fund	1	
Proprietary Funds:		
Food Service Fund	718	250
After Care Program	250	
	\$ 160,620	\$ 160,620

The interfunds between the General Fund, Debt Service Fund and the Special Revenue Fund are due to a deficit in cash and cash equivalents in the Special Revenue Fund. This deficit is due to timing between expenditure and reimbursement from the State of New Jersey on federal grants. The interfund receivable in the Food Service Fund is due to a Food Service receipt collected in the General Fund.

NOTE 13. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

The plan administrators are as follows:

- Variable Annuity Life (VALIC)
- Equitable Life Assurance
- Met Life
- Ameriprise

Equitable Life Assurance is the plan administrator for the District's Internal Revenue Code Section 457 plan.

NOTE 14. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10. Taxes are collected by the constituent municipality and are remitted to the local school district on a predetermined mutually agreed-upon schedule.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 15. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2020, the District transferred \$124,440 to the capital outlay accounts for equipment which did not require approval from the County Superintendent.

NOTE 16. COMMITMENTS AND CONTINGENCIES

Grant Programs

The District participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

The District is periodically involved in pending lawsuits. The District estimates that any potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial position of the District.

Encumbrances

At June 30, 2020, there were encumbrances as detailed below in the governmental funds.

General Fund	Special Revenue Fund	Total Governmental Funds
\$ 415,902	\$ 54,357	\$ 470,259

On the District's Governmental Funds Balance Sheet as of June 30, 2020, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$54,357 less than the actual year-end encumbrances on a budgetary basis. Encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in unearned revenue.

NOTE 17. ACCOUNTS PAYABLE

Accounts payable recorded in the District's Governmental and Business-Type Activities as of June 30, 2020 consisted of the following:

	Governmental Funds	District Contri- bution Subsequent	Total	Business-Type
	General Fund	to the Measure- ment Date	Governmental Activities	Activities Proprietary Funds
	Special Revenue Fund			
Vendors	\$ 31,829		\$ 31,829	\$ 77,971
State of New Jersey	\$ 22,348	\$ 350,000	372,348	
Cash Deficit	125,872		125,872	
	\$ 31,829	\$ 350,000	\$ 530,049	\$ 77,971

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 18. TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

The Town of Newton recognized revenue in the amount of \$1,233,200 from seven payment in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2019 without the abatements would have been \$3,539,147 of which \$1,748,215 would have been for the local school tax.

NOTE 19. TUITION RESERVE ACCOUNT

A tuition reserve account may be established in accordance with N.J.A.C. 6A:23-3.l(f) for tuition between two Boards of Education that are in a formal sending/receiving relationship. The maximum amount that may be restricted at year end is 10% of the estimated contract year tuition. Upon certification of tuition rates in the second year following the contract year, full appropriation of the applicable year's reserve must be liquidated and any remaining balance related to that year must be restricted and budgeted for tax relief.

Beginning Balance, July 1, 2019	\$ -0-
Add: Transfer from Unassigned Fund Balance as per Board Resolution - June 2020	<u>571,514</u>
Ending Balance, June 30, 2020	<u><u>\$ 571,514</u></u>

NOTE 20. SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey has caused disruption of the District's normal financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. The District's state aid in the General Fund was reduced after their budget was adopted due to the reduction of state aid provided to certain school districts by the State of New Jersey. Also, there have been additional operating expenses in the General Fund not planned for or expected at the time of the adoption of the District's 2020-21 budget related to COVID-19. Additionally, the District's cash flow in the Governmental Funds may be affected by the timing of the collection of the District's tax levy as well as certain State aid payments.

The District's Enterprise Funds will likely be impacted by COVID-19 for the fiscal year ending June 30, 2021 as the District has been offering Seamless Summer Option meals to all students. The District will only be receiving federal and state subsidy reimbursements and no daily sales revenues for sales to students. The After Care Program has been temporarily discontinued as a result of COVID-19.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 20. SUBSEQUENT EVENT (Cont'd)

Additionally, in December 2020 the District sold their early childhood modular building and used the proceeds from the sale of the building along with funds from the District's fiscal year 2020-21 budget to pay-off the balance remaining on the related capital lease. The total paid in fiscal year 2020-21 on this capital lease for principal and interest including the payment due in October 2020 was \$864,618.

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

TOWN OF NEWTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
District's proportion of the net pension liability	0.0359669078%	0.0359246917%	0.0348857478%	0.0336168274%	0.0343840290%	0.0337729170%
District's proportionate share of the net pension liability	\$ 6,733,989	\$ 8,064,373	\$ 10,332,158	\$ 7,825,460	\$ 6,770,044	\$ 6,085,367
District's covered employee payroll	\$ 2,360,211	\$ 2,399,913	\$ 2,382,232	\$ 2,400,136	\$ 2,431,543	\$ 2,443,555
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	285.31%	336.03%	433.72%	326.04%	278.43%	249.04%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

TOWN OF NEWTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 296,506	\$ 308,856	\$ 313,882	\$ 314,605	\$ 359,908	\$ 329,934
Contributions in relation to the contractually required contribution	<u>(296,506)</u>	<u>(308,856)</u>	<u>(313,882)</u>	<u>(314,605)</u>	<u>(359,908)</u>	<u>(329,934)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 2,399,913	\$ 2,382,232	\$ 2,400,136	\$ 2,431,543	\$ 2,443,555	\$ 2,021,434
Contributions as a percentage of covered employee payroll	12.35%	12.96%	13.08%	12.94%	14.73%	16.32%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

TOWN OF NEWTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY ASSOCIATED WITH THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
State's proportion of the net pension liability attributable to the District	0.1148342805%	0.1155748610%	0.1156150713%	0.1194262175%	0.1230806725%	0.1240042191%
State's proportionate share of the net pension liability attributable to the District	\$ 61,375,185	\$ 73,048,248	\$ 90,950,176	\$ 80,521,462	\$ 78,301,280	\$ 76,102,560
District's covered employee payroll	\$ 11,700,126	\$ 12,148,503	\$ 12,579,678	\$ 12,978,597	\$ 12,973,564	\$ 13,371,248
State's proportionate share of the net pension liability as a percentage of its covered employee payroll	524.57%	601.29%	722.99%	620.42%	603.54%	569.15%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

TOWN OF NEWTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 3,302,561	\$ 4,460,253	\$ 6,833,640	\$ 5,578,119	\$ 4,564,691	\$ 4,488,732
Contributions in relation to the contractually required contribution	(624,840)	(925,660)	(1,296,340)	(1,812,544)	(2,438,863)	(2,679,119)
Contribution deficiency/(excess)	<u>\$ 2,677,721</u>	<u>\$ 3,534,593</u>	<u>\$ 5,537,300</u>	<u>\$ 3,765,575</u>	<u>\$ 2,125,828</u>	<u>\$ 1,809,613</u>
District's covered employee payroll	\$ 12,148,503	\$ 12,579,678	\$ 12,978,597	\$ 12,973,564	\$ 13,371,248	\$ 13,299,085
Contributions as a percentage of covered employee payroll	5.14%	7.36%	9.99%	13.97%	18.24%	20.15%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

SCHOOL DISTRICT OF THE TOWN OF NEWTON
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL
OPEB LIABILITY ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS
LAST THREE FISCAL YEARS

	Fiscal Year Ending June 30,		
	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 2,758,832	\$ 2,294,109	\$ 1,992,651
Interest	2,229,781	2,580,182	2,356,407
Differences between Expected and Actual Experience		(7,351,200)	(10,397,608)
Changes in Assumptions	(9,133,798)	(6,848,113)	787,868
Member Contributions	60,164	55,150	48,083
Gross Benefit Payments	(1,633,892)	(1,595,713)	(1,622,070)
Net Change in Total OPEB Liability	(5,718,913)	(10,865,585)	(6,834,669)
Total OPEB Liability - Beginning	76,260,442	70,541,529	59,675,944
Total OPEB Liability - Ending	<u>\$ 70,541,529</u>	<u>\$ 59,675,944</u>	<u>\$ 52,841,275</u>
District's Covered Employee Payroll *	\$ 14,961,910	\$ 15,378,733	\$ 15,405,107
Total OPEB Liability as a Percentage of Covered Employee Payroll	471%	388%	343%

* - Covered payroll for the fiscal years ending June 30, 2017, 2018 and 2019 are based on the payroll on the June 30, 2016, 2017 and 2018 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%.

The inflation rate was 2.25% as of June 30, 2018. As of June 30, 2019, the inflation rate was as follows – Price – 2.75% and Wage – 3.25%. The salary increases as of June 30, 2018 were as follows: Through 2026 – 1.65% - 4.15% based on age and Thereafter – 2.65% - 5.15% based on age. The salary increases as of June 30, 2019 are as follows: Through 2026 – 2.00% - 6.00% based on years of service and Thereafter – 3.00% - 7.00% based on years of service.

The July 1, 2017 actuarial valuation utilized the following mortality rate assumptions:

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the plan actuary's modified MP-2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The July 1, 2018 actuarial valuation utilized the following mortality rate assumptions:

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

B. TEACHERS PENSION AND ANNUITY FUND (Cont'd)

Changes of Actuarial Assumptions

The discount rate changed from 4.86% as of June 30, 2018 to 5.60% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%. The inflation rate as of June 30, 2018 was 2.25%. The inflation rate as of June 30, 2019 was as follows: Price – 2.75% and Wage – 3.25%.

The salary increases in the July 1, 2018 valuation were as follows: Through 2026 - 1.55 – 4.45% based on years of service and thereafter - 2.75 – 5.65% based on years of service. The salary increases in the July 1, 2017 valuation were as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

The mortality rates utilized in the July 1, 2018 valuation were as follows: Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%.

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The mortality rates in the valuation as of June 30, 2019 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The health care trend rates in the valuation as of June 30, 2019 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

BUDGETARY COMPARISON SCHEDULES

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 12,357,185		\$ 12,357,185	\$ 12,357,185	
Tuition from Other LEA's	7,444,186		7,444,186	7,588,482	\$ 144,296
Tuition from Individuals				500	500
Transportation Fees from LEA's	4,200		4,200	1,200	(3,000)
Rents and Royalties	20,000		20,000	12,000	(8,000)
Interest Earned on Capital Reserve Funds				5,887	5,887
Unrestricted Miscellaneous Revenue	54,527		54,527	59,177	4,650
Total - Local Sources	19,880,098		19,880,098	20,024,431	144,333
State Sources:					
School Choice Aid	20,988		20,988	20,988	
Extraordinary Aid	50,000		50,000	74,587	24,587
Excess Nonpublic School Transportation Costs				4,399	4,399
Special Education Aid	596,193		596,193	596,193	
Equalization Aid	6,006,859		6,006,859	6,006,859	
Security Aid	221,598		221,598	221,598	
Transportation Aid	229,942		229,942	229,942	
Homeless Tuition Reimbursement				197,896	197,896
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				1,011,719	1,011,719
On-Behalf TPAF Pension Contributions (Non-Budgeted)				2,679,119	2,679,119
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				48,020	48,020
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				2,362	2,362
TPAF Social Security (Reimbursed - Non-Budgeted)				897,330	897,330
Total State Sources	7,125,580		7,125,580	11,991,012	4,865,432
Federal Sources:					
Medicaid Assistance Program	58,496		58,496	50,536	(7,960)
Total - Federal Sources	58,496		58,496	50,536	(7,960)
Total Revenues	27,064,174		27,064,174	32,065,979	5,001,805

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
REGULAR PROGRAMS - INSTRUCTION:					
Preschool - Salaries of Teachers	\$ 393,597	\$ 1,758	\$ 1,758	\$ 1,758	\$ 1,986
Kindergarten - Salaries of Teachers	2,083,519	(16,584)	377,013	375,027	690
Grades 1-5 - Salaries of Teachers	1,439,567	(115,519)	1,968,000	1,967,310	5,024
Grades 6-8 - Salaries of Teachers	4,115,052	42,095	1,481,662	1,476,638	199
Grades 9-12 - Salaries of Teachers		(18,591)	4,096,461	4,096,262	
Regular Programs - Home Instruction:					
Salaries of Teachers	15,000	(7,683)	7,317	1,560	5,757
Purchased Professional-Educational Services	6,000	11,347	17,347	11,457	5,890
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	95,359	(2,505)	92,854	90,231	2,623
Unused Vacation Payment to Terminated / Retired Staff		8,563	8,563	8,563	
Purchased Professional - Educational Services	8,000	238,890	246,890	240,483	6,407
Purchased Technical Services	78,079	3,504	81,583	79,630	1,953
Other Purchased Services (400-500 series)	86,586	(17,692)	68,894	68,894	
General Supplies	231,594	61,972	293,566	210,644	82,922
Textbooks	48,743	(24,019)	24,724	24,400	324
Other Objects	3,783	492	4,275	1,919	2,356
TOTAL REGULAR PROGRAMS - INSTRUCTION	8,604,879	166,028	8,770,907	8,654,776	116,131
SPECIAL EDUCATION - INSTRUCTION:					
Learning and/or Language Disabilities:					
Salaries of Teachers	203,834	115,070	318,904	318,229	675
Other Salaries for Instruction	72,199	44,722	116,921	116,667	254
General Supplies	1,500		1,500	466	1,034
Other Objects	1,050		1,050	544	506
Total Learning and/or Language Disabilities	278,583	159,792	438,375	435,906	2,469
Behavioral Disabilities:					
Salaries of Teachers	59,405	151,818	211,223	211,223	
Other Salaries for Instruction	32,610	29,107	61,717	57,626	4,091
General Supplies	300		300	260	40
Total Behavioral Disabilities	92,315	180,925	273,240	269,109	4,131

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
SPECIAL EDUCATION - INSTRUCTION:					
Multiple Disabilities:					
Salaries of Teachers	\$ 227,579	\$ (10,453)	\$ 217,126	\$ 217,125	\$ 1
Other Salaries for Instruction	171,696	(94,474)	77,222	75,336	1,886
General Supplies	2,000		2,000	1,449	551
Other Objects	2,300		2,300	703	1,597
Total Multiple Disabilities	<u>403,575</u>	<u>(104,927)</u>	<u>298,648</u>	<u>294,613</u>	<u>4,035</u>
Resource Room/Resource Center:					
Salaries of Teachers	1,102,056	(235,754)	866,302	859,787	6,515
Other Salaries for Instruction	274,231	(141,085)	133,146	117,149	15,997
General Supplies	1,150		1,150	250	900
Total Resource Room/Resource Center	<u>1,377,437</u>	<u>(376,839)</u>	<u>1,000,598</u>	<u>977,186</u>	<u>23,412</u>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	243,016	(139,928)	103,088	95,064	8,024
Other Salaries for Instruction	111,958	(35,405)	76,553	76,495	58
Total Preschool Disabilities - Part-Time	<u>354,974</u>	<u>(175,333)</u>	<u>179,641</u>	<u>171,559</u>	<u>8,082</u>
Home Instruction:					
Salaries of Teachers	3,600		3,600		3,600
Total Home Instruction	<u>3,600</u>		<u>3,600</u>		<u>3,600</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	2,510,484	(316,382)	2,194,102	2,148,373	45,729
Bilingual Education - Instruction:					
Salaries of Teachers	159,048	(40,996)	118,052	110,875	7,177
Other Salaries for Instruction	78,883	4,957	83,840	82,895	945
Purchased Professional - Educational Services	980		980		980
General Supplies	5,000	(5,000)			
Total Bilingual Education - Instruction	<u>243,911</u>	<u>(41,039)</u>	<u>202,872</u>	<u>193,770</u>	<u>9,102</u>

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
School Sponsored Cocurricular Activities:					
Salaries	\$ 175,684	\$ 608	\$ 176,292	\$ 175,520	\$ 772
Purchased Services (300-500 Series)	12,500	2,500	15,000	6,445	8,555
Supplies and Materials	1,500	2	1,502	1,275	227
Other Objects	2,800	(772)	2,028	1,803	225
Total School-Sponsored Cocurricular Activities	192,484	2,338	194,822	185,043	9,779
School-Sponsored Athletics:					
Salaries	529,742	(25,238)	504,504	489,151	15,353
Purchased Services (300-500 Series)	46,500		46,500	34,801	11,699
Supplies and Materials	56,000	(8,397)	47,603	43,801	3,802
Other Objects	27,500		27,500	27,118	382
Transfers to Cover Deficit (Agency Funds)	36,805		36,805	36,805	
Total School-Sponsored Athletics	696,547	(33,635)	662,912	631,676	31,236
Other Supplemental/At-Risk Programs - Instruction:					
Salaries of Reading Specialists	210,027	700	210,727	179,740	30,987
Total Other Supplemental/ At-Risk Programs - Instruction	210,027	700	210,727	179,740	30,987
Total Instruction	12,458,332	(221,990)	12,236,342	11,993,378	242,964
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular	19,000	19,000	19,000	19,000	
Tuition to Other LEA's Within the State - Special	161,178	(17,486)	143,692	143,692	
Tuition to County Vo. School District-Regular	55,675		55,675	55,118	557
Tuition to CSSD and Regular Day Schools	52,569	(777)	51,792	51,792	
Tuition to Private Schools for the Handicapped Within State	231,922	(17,609)	214,313	142,869	71,444
Tuition - State Facilities	16,791	(16,791)			
Total Undistributed Expenditures - Instruction	518,135	(33,663)	484,472	412,471	72,001

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures - Attendance and Social Work Services:					
Salaries	\$ 117,172	\$ (200)	\$ 116,972	\$ 116,971	\$ 1
Supplies and Materials	300	356	656	656	
Total Undistributed Expenditures - Attendance and Social Work Services	<u>117,472</u>	<u>156</u>	<u>117,628</u>	<u>117,627</u>	<u>1</u>
Undistributed Expenditures - Health Services:					
Salaries	230,899	3,591	234,490	228,535	5,955
Purchased Professional and Technical Services	18,793	12,311	31,104	29,429	1,675
Supplies and Materials	4,300	111	4,411	3,624	787
Total Undistributed Expenditures - Health Services	<u>253,992</u>	<u>16,013</u>	<u>270,005</u>	<u>261,588</u>	<u>8,417</u>
Undist. Expend. - Speech, OT, PT and Related Services:					
Salaries	206,905	3,122	210,027	210,027	
Purchased Professional - Educational Services	273,995	(15,019)	258,976	177,702	81,274
Supplies and Materials	300		300	112	188
Total Undist. Expend. - Speech, OT, PT and Related Services	<u>481,200</u>	<u>(11,897)</u>	<u>469,303</u>	<u>387,841</u>	<u>81,462</u>
Undist. Expend. - Other Supp. Serv. Students - Extraordinary Services:					
Salaries	453,025	168,378	621,403	593,307	28,096
Purchased Professional - Educational Services	67,533	(9,153)	58,380	36,065	22,315
Supplies and Materials	1,400	71	1,471	1,317	154
Total Undist. Expend. - Other Supp. Serv. Students - Extraordinary Serv.	<u>521,958</u>	<u>159,296</u>	<u>681,254</u>	<u>630,689</u>	<u>50,565</u>
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	622,653	(7,399)	615,254	615,253	1
Salaries of Secretarial and Clerical Assistants	37,647	2,197	39,844	39,843	1
Purchased Professional - Educational Services	3,550	(2,400)	1,150	991	159
Other Purchased Professional and Technical Services	3,500	(3,500)			
Other Purchased Services	1,200	100	1,300	1,300	
Supplies and Materials	3,500	(664)	2,836	2,775	61
Other Objects	1,440	(901)	539	485	54
Total Undist. Expend. - Guidance	<u>673,490</u>	<u>(12,567)</u>	<u>660,923</u>	<u>660,647</u>	<u>276</u>

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Child Study Teams:					
Salaries of Other Professional Staff	\$ 466,264	\$ 18,764	\$ 485,028	\$ 484,155	\$ 873
Salaries of Secretarial and Clerical Assistants	112,139		112,139	112,139	
Other Salaries		4,702	4,702	4,702	
Purchased Professional - Educational Services	10,220		10,220	7,728	2,492
Other Purchased Professional and Technical Services	2,500		2,500	1,972	528
Other Purchased Services	7,800		7,800	6,786	1,014
Supplies and Materials	5,500	1,000	6,500	5,547	953
Other Objects	1,100		1,100	1,045	55
Total Undist. Expend. - Child Study Teams	605,523	24,466	629,989	624,074	5,915
Undist. Expend. - Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	23,100		23,100	23,100	
Salaries of Other Professional Staff	12,500	8,832	21,332	16,635	4,697
Total Undist. Expend. - Improvement of Instructional Services	35,600	8,832	44,432	39,735	4,697
Undist. Expend. - Educational Media Services/School Library:					
Salaries	188,843	(34,915)	153,928	153,928	
Salaries of Technology Coordinators	62,722		62,722	62,722	
Unused Vacation Payment to Terminated / Retired Staff		14,049	14,049	12,394	1,655
Supplies and Materials	16,470	(782)	15,688	15,367	321
Total Undist. Expend. - Educational Media Services/School Library	268,035	(21,648)	246,387	244,411	1,976
Undist. Expend. - Instructional Staff Training Services:					
Salaries of Other Professional Staff	119,000		119,000	119,000	
Other Purchased Services	3,000	669	3,669	1,825	1,844
Total Undist. Expend. - Instructional Staff Training Services	122,000	669	122,669	120,825	1,844
Undist. Expend. - Support Services - General Administration:					
Salaries	260,703	(9,535)	251,168	245,785	5,383
Legal Services	32,500	16,813	49,313	49,313	

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Support Services - General Administration: (Cont'd)					
Audit Fees	\$ 35,800	\$ 500	\$ 36,300	\$ 36,300	
Other Purchased Professional Services	5,000	9,544	14,544	14,544	
Communications/Telephone	64,680	(1,598)	63,082	62,021	\$ 1,061
BOE Other Purchased Services	9,469	(4,000)	5,469	4,966	503
Other Purchased Services	127,033	(3,393)	123,640	122,643	997
General Supplies	1,975	1,444	3,419	2,980	439
BOE In-House Training/Meeting Supplies	500	(50)	450		450
Miscellaneous Expenditures	3,750	7	3,757	3,757	
BOE Membership Dues and Fees	9,850	1,711	11,561	11,561	
Total Undist. Expend. - Support Services - General Administration	551,260	11,443	562,703	553,870	8,833
Undist. Expend. - Support Serv. - School Administration:					
Salaries of Principals/Assistant Principals	741,351		741,351	741,351	
Salaries of Other Professional Staff	154,457	7,605	162,062	162,062	
Salaries of Secretarial and Clerical Assistants	225,746	1,285	227,031	227,030	1
Unused Vacation Payment to Terminated / Retired Staff		18,839	18,839	18,839	
Purchased Professional and Technical Services	1,000	5,676	6,676	3,669	3,007
Other Purchased Services	1,000	(650)	350	107	243
Supplies and Materials	4,100	813	4,913	4,779	134
Other Objects	17,484	8,105	25,589	21,787	3,802
Total Undist. Expend. - Support Serv. - School Administration	1,145,138	41,673	1,186,811	1,179,624	7,187
Undist. Expend. - Central Services:					
Salaries	350,819	647	351,466	351,465	1
Unused Vacation Payment to Terminated / Retired Staff		12,099	12,099	12,099	
Purchased Professional Services	2,500	25,826	28,326	28,326	
Miscellaneous Purchased Services	8,987	1,108	10,095	9,041	1,054
Supplies and Materials	4,021	395	4,416	4,416	
Miscellaneous Expenditures	8,240	4,449	12,689	8,061	4,628
Total Undist. Expend. - Central Services	374,567	44,524	419,091	413,408	5,683

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Administrative Information Technology:					
Salaries	\$ 149,337	\$ (34,679)	\$ 114,658	\$ 114,286	\$ 372
Unused Vacation Payment to Terminated / Retired Staff		19,500	19,500	18,630	870
Purchased Technical Services	77,750	14,393	92,143	85,143	7,000
Other Purchased Services (400-500 series)		475	475	475	
Supplies and Materials	7,000	15,325	22,325	21,826	499
Other Objects	400	(400)			
Total Undist. Expend. - Administrative Information Technology	234,487	14,614	249,101	240,360	8,741
Required Maintenance for School Facilities:					
Salaries	260,567	(1,894)	258,673	256,512	2,161
Unused Vacation Payment to Terminated / Retired Staff		15,140	15,140	13,499	1,641
Cleaning, Repair and Maintenance Services	112,885	(12,576)	100,309	90,355	9,954
General Supplies	98,516	(7,447)	91,069	90,075	994
Other Objects	3,200	58	3,258	3,258	
Total Required Maintenance for School Facilities	475,168	(6,719)	468,449	453,699	14,750
Undist. Expend. - Custodial Services:					
Salaries	690,615	(33,166)	657,449	648,519	8,930
Salaries of Non-Instructional Aides	78,347	616	78,963	78,432	531
Unused Vacation Payment to Terminated/Retired Staff	3,000	7,718	10,718	10,633	85
Purchased Professional and Technical Services	4,500	652	5,152	5,152	
Cleaning, Repair and Maintenance Services	36,700	(1,000)	35,700	34,446	1,254
Other Purchased Property Services	31,800	719	32,519	30,161	2,358
Insurance	99,432	(1,112)	98,320	98,320	
General Supplies	63,500	76	63,576	62,125	1,451
Energy (Natural Gas)	137,800	12,839	150,639	148,348	2,291
Energy (Electricity)	195,250	(5,066)	190,184	189,944	240
Other Objects	10,000		10,000	9,099	901
Total Undist. Expend. - Custodial Services	1,350,944	(17,724)	1,333,220	1,315,179	18,041

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Care and Upkeep of Grounds:					
Salaries	\$ 21,156		\$ 21,156	\$ 19,156	\$ 2,000
Cleaning, Repair, and Maintenance Services	29,125	\$ (9,147)	19,978	13,506	6,472
General Supplies	11,938		11,938	6,534	5,404
Total Undist. Expend. - Care and Upkeep of Grounds	<u>62,219</u>	<u>(9,147)</u>	<u>53,072</u>	<u>39,196</u>	<u>13,876</u>
Undist. Expend. - Security:					
Salaries	103,945	(2,998)	100,947	100,154	793
General Supplies	3,100	(127)	2,973	1,707	1,266
Total Undist. Expend. - Security	<u>107,045</u>	<u>(3,125)</u>	<u>103,920</u>	<u>101,861</u>	<u>2,059</u>
Undist. Expend. - Student Transportation Services:					
Salaries for Pupil Transportation:					
Non-Instructional Aides	5,627	(5,627)			
Between Home and School - Regular	89,719	6,415	96,134	91,231	4,903
Between Home and School - Special Education	33,479	(1,300)	32,179	32,150	29
Other than Between Home and School	47,749		47,749	30,740	17,009
Unused Sick Payment to Terminated/ Retired Staff		5,464	5,464		5,464
Management Fees - ESC Transportation Programs	16,000		16,000	16,000	
Cleaning, Repair and Maintenance Services	50,601	(6,661)	43,940	43,940	
Contracted Services:					
Aid in Lieu of Payments for Nonpublic School Students	25,000	(6,280)	18,720	15,174	3,546
Other than Between Home and School - Vendors	21,250	10,987	32,237	28,173	4,064
Between Home and School - Joint Agreements	82,467	(1,582)	80,885	38,759	42,126
Special Education Students - Vendors	270,675	119,391	390,066	364,423	25,643
Miscellaneous Purchased Services - Transportation	26,400	(2,400)	24,000	24,000	
Supplies and Materials	18,222	743	18,965	18,965	
Other Objects	16,200	5,968	22,168	20,091	2,077
Total Undist. Expend. - Student Transportation Services	<u>703,389</u>	<u>125,118</u>	<u>828,507</u>	<u>723,646</u>	<u>104,861</u>
Unallocated Benefits:					
Social Security Contributions	405,600	(15,571)	390,029	286,789	103,240
Other Retirement Contribution - PERS	383,091	(53,157)	329,934	329,934	

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Unallocated Benefits: (Cont'd)					
Other Retirement Contribution - Regular	\$ 43,400	\$	\$ 43,400	\$ 30,748	\$ 12,652
Unemployment Compensation	82,000		82,000	69,494	12,506
Workmen's Compensation	228,438	\$ (33,982)	194,456	194,456	
Health Benefits	4,668,321	(45,024)	4,623,297	4,405,232	218,065
Tuition Reimbursement	28,000		28,000	28,000	
Other Employee Benefits	139,655	5,380	145,035	138,344	6,691.00
Unused Sick Payment to Terminated/ Retired Staff	40,000	387	40,387	40,087	300
Total Unallocated Benefits	<u>6,018,505</u>	<u>(141,967)</u>	<u>5,876,538</u>	<u>5,523,084</u>	<u>353,454</u>
ON-BEHALF CONTRIBUTIONS:					
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				1,011,719	(1,011,719)
On-Behalf TPAF Pension Contributions (Non-Budgeted)				2,679,119	(2,679,119)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				48,020	(48,020)
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				2,362	(2,362)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				897,330	(897,330)
TOTAL ON-BEHALF CONTRIBUTIONS				<u>4,638,550</u>	<u>(4,638,550)</u>
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	<u>6,018,505</u>	<u>(141,967)</u>	<u>5,876,538</u>	<u>10,161,634</u>	<u>(4,285,096)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>14,620,127</u>	<u>188,347</u>	<u>14,808,474</u>	<u>18,682,385</u>	<u>(3,873,911)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>27,078,459</u>	<u>(33,643)</u>	<u>27,044,816</u>	<u>30,675,763</u>	<u>(3,630,947)</u>
CAPITAL OUTLAY:					
Equipment:					
School-Sponsored/Athletics		7,790	7,790	7,790	
Undistributed:					
Health Services		3,596	3,596	3,596	
Care & Upkeep of Grounds	8,947	153	9,100	9,100	
Security		3,599	3,599	3,599	
School Buses - Regular		109,302	109,302		109,302
Total Equipment	<u>8,947</u>	<u>124,440</u>	<u>133,387</u>	<u>24,085</u>	<u>109,302</u>

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY: (Cont'd)					
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	\$ 9,000	\$ 20,650	\$ 29,650	\$ 28,175	\$ 1,475
Construction Services	408,557	119,200	527,757	246,802	280,955
Supplies and Materials	68,000	14,125	82,125	36,956	45,169
Land and Improvements	266,000	(193,277)	72,723		72,723
Other Objects - Assessment for Debt Service on SDA Funding	37,614		37,614	37,614	
Total Facilities Acquisition and Construction Services	<u>789,171</u>	<u>(39,302)</u>	<u>749,869</u>	<u>349,547</u>	<u>400,322</u>
TOTAL CAPITAL OUTLAY	<u>798,118</u>	<u>85,138</u>	<u>883,256</u>	<u>373,632</u>	<u>509,624</u>
Transfer of Funds to Charter Schools	260,152	(23,881)	236,271	236,271	
TOTAL EXPENDITURES	<u>28,136,729</u>	<u>27,614</u>	<u>28,164,343</u>	<u>31,285,666</u>	<u>(3,121,323)</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(1,072,555)	(27,614)	(1,100,169)	780,313	1,880,482
Other Financing Uses:					
Operating Transfer Out - Preschool Education Expansion Aid	(20,000)	(42,386)	(62,386)	(62,386)	
Total Other Financing Uses	<u>(20,000)</u>	<u>(42,386)</u>	<u>(62,386)</u>	<u>(62,386)</u>	
Excess/(Deficit) of Revenues Over/(Under) Expenditures and Other Financing Uses	(1,092,555)	(70,000)	(1,162,555)	717,927	1,880,482
Fund Balance, July 1	2,246,544		2,246,544	2,246,544	
Fund Balance, June 30	<u>\$ 1,153,989</u>	<u>\$ (70,000)</u>	<u>\$ 1,083,989</u>	<u>\$ 2,964,471</u>	<u>\$ 1,880,482</u>

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 1,163,879	
Tuition Reserve				571,514	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				250,000	
Year End Encumbrances				415,902	
Unassigned Fund Balance				563,176	
				2,964,471	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				(698,574)	
Fund Balance per Governmental Funds (GAAP)				\$ 2,265,897	

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources		\$ 67,808	\$ 67,808	\$ 42,410	\$ (25,398)
State Sources	\$ 1,162,938	450,658	1,613,596	1,340,184	(273,412)
Federal Sources	999,835	385,683	1,385,518	1,091,492	(294,026)
Total Revenues	<u>2,162,773</u>	<u>904,149</u>	<u>3,066,922</u>	<u>2,474,086</u>	<u>(592,836)</u>
Other Financing Sources:					
Transfer In - Board Contribution - General Fund	20,000	42,386	62,386	62,386	
Total Revenues and Other Financing Sources	<u>2,182,773</u>	<u>946,535</u>	<u>3,129,308</u>	<u>2,536,472</u>	<u>(592,836)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	617,096	(86,535)	530,561	445,257	85,304
Other Salaries for Instruction	63,168	209,467	272,635	258,626	14,009
Purchased Professional and Technical Services		1,223	1,223	1,222	1
Tuition	315,385	55,632	371,017	371,017	
General Supplies	35,920	135,223	171,143	120,803	50,340
Other Objects		53,897	53,897	35,577	18,320
Total Instruction	<u>1,031,569</u>	<u>368,907</u>	<u>1,400,476</u>	<u>1,232,502</u>	<u>167,974</u>
Support Services:					
Salaries of Other Professional Staff	236,439	(14,690)	221,749	187,503	34,246
Other Salaries	74,017	39,593	113,610	113,610	
Personal Services - Employee Benefits	208,768	(7,791)	200,977	193,715	7,262
Purchased Professional and Technical Services	20,911	156,315	177,226	78,283	98,943
Purchased Education Services - Contracted Pre-K		204,308	204,308	204,308	
Other Purchased Professional - Educational Services	471,576	40,752	512,328	287,328	225,000
Cleaning, Repair and Maintenance Services	15,361	(4,882)	10,479	10,479	
Rentals	43,500	56,498	99,998	99,998	
Other Purchased Services	51,915	33,803	85,718	62,613	23,105
Contract Services-Transportation (Between Home and School)		6,026	6,026		6,026
Supplies and Materials	18,034	66,876	84,910	56,630	28,280
Other Objects		2,000	2,000		2,000
Total Support Services	<u>1,140,521</u>	<u>578,808</u>	<u>1,719,329</u>	<u>1,294,467</u>	<u>424,862</u>
Facilities Acquisition:					
Non-Instructional Equipment	10,683	(1,180)	9,503	9,503	
Total Facilities Acquisition	<u>10,683</u>	<u>(1,180)</u>	<u>9,503</u>	<u>9,503</u>	
Total Expenditures	<u>\$ 2,182,773</u>	<u>\$ 946,535</u>	<u>\$ 3,129,308</u>	<u>\$ 2,536,472</u>	<u>\$ 592,836</u>

TOWN OF NEWTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Note A - Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" and Other Financing Sources from the Budgetary Comparison Schedule	\$ 32,065,979	\$ 2,536,472
Difference - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis does not:		
Current Year Encumbrances		(54,357)
Cancellation of Prior Year Encumbrances		(347)
Prior Year Encumbrances		431
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	647,618	86,928
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(698,574)	(114,817)
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 32,015,023	\$ 2,454,310
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 31,285,666	\$ 2,536,472
Differences - Budgetary to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Current Year Encumbrances		(54,357)
Cancellation of Prior Year Encumbrances		(347)
Prior Year Encumbrances		431
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 31,285,666	\$ 2,482,199

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2020 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The general and the special revenue funds budgetary revenue differs from the GAAP revenue due to a difference in the recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

TOWN OF NEWTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	21st Century CCLC		Carl D. Perkins - Secondary	I.D.E.A.		
	FY20	FY19		Basic		Preschool
				FY20	FY19	
REVENUES:						
Local Sources						
State Sources						
Federal Sources						
Total Revenues	\$ 336,476	\$ 41,627	\$ 16,040	\$ 370,753	\$ 4,780	\$ 3,450
	336,476	41,627	16,040	370,753	4,780	3,450
	336,476	41,627	16,040	370,753	4,780	3,450
Other Financing Sources:						
Transfer In - Board Contribution - General Fund						
Total Revenues and Other Financing Sources						
EXPENDITURES:						
Instruction:						
Salaries of Teachers	49,212	15,504				
Other Salaries for Instruction	99,077					
Purchased Professional and Technical Services				366,237	4,780	2,068
Tuition				2,415		
General Supplies	2,015	100				
Other Objects	10,925	527	4,693			
Total Instruction	161,229	16,131	4,693	368,652	4,780	2,068
Support Services:						
Salaries of Other Professional Staff	90,015	18,487	10,785			
Other Salaries						
Personal Services - Employee Benefits	40,030	6,946	562			
Purchased Professional and Technical Services	16,000					137
Purchased Education Services - Contracted Pre-K						
Other Purchased Professional - Educational Services						
Cleaning, Repair and Maintenance Services						
Rentals						
Other Purchased Services	29,202	63		2,101		1,245
Supplies and Materials						
Total Support Services	175,247	25,496	11,347	2,101		1,382
Facilities Acquisition:						
Non-Instructional Equipment						
Total Facilities Acquisition						
Total Expenditures	\$ 336,476	\$ 41,627	\$ 16,040	\$ 370,753	\$ 4,780	\$ 3,450

TOWN OF NEWTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Elementary and Secondary Education Act					
	Title I		Title I SIA		Title I Reallocated	
	FY20	FY19	FY20	FY19	FY20	FY19
REVENUES:						
Local Sources						
State Sources						
Federal Sources	\$ 206,573	\$ 2,430	\$ 9,537	\$ 12,787	\$ 15,809	\$ 949
Total Revenues	206,573	2,430	9,537	12,787	15,809	949
Other Financing Sources:						
Transfer In - Board Contribution - General Fund						
Total Revenues and Other Financing Sources	206,573	2,430	9,537	12,787	15,809	949
EXPENDITURES:						
Instruction:						
Salaries of Teachers	79,825					
Other Salaries for Instruction	42,864					
Purchased Professional and Technical Services	472					
Tuition						
General Supplies	43,122	605	9,537	12,787	15,809	949
Other Objects						
Total Instruction	166,283	605	9,537	12,787	15,809	949
Support Services:						
Salaries of Other Professional Staff						
Other Salaries	9,386					
Personal Services - Employee Benefits	19,400					
Purchased Professional and Technical Services						
Purchased Education Services - Contracted Pre-K						
Other Purchased Professional - Educational Services						
Cleaning, Repair and Maintenance Services						
Rentals						
Other Purchased Services	10,230					
Supplies and Materials	1,274	1,825				
Total Support Services	40,290	1,825				
Facilities Acquisition:						
Non-Instructional Equipment						
Total Facilities Acquisition						
Total Expenditures	\$ 206,573	\$ 2,430	\$ 9,537	\$ 12,787	\$ 15,809	\$ 949

TOWN OF NEWTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Elementary and Secondary Education Act (Cont'd)					
	Title II A		Title III		Title III Immigrant	
	FY20	FY19	FY20	FY19	FY20	FY19
REVENUES:						
Local Sources						
State Sources						
Federal Sources	\$ 23,032	\$ 1,147	\$ 5,503	\$ 106	\$ 1,825	\$ 554
Total Revenues	23,032	1,147	5,503	106	1,825	554
Other Financing Sources:						
Transfer In - Board Contribution - General Fund						
Total Revenues and Other Financing Sources	23,032	1,147	5,503	106	1,825	554
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Other Salaries for Instruction						
Purchased Professional and Technical Services			4,626	106	1,825	554
Tuition						
General Supplies						
Other Objects						
Total Instruction			4,626	106	1,825	554
Support Services:						
Salaries of Other Professional Staff						
Other Salaries						
Personal Services - Employee Benefits	293					
Purchased Professional and Technical Services						
Purchased Education Services - Contracted Pre-K						
Other Purchased Professional - Educational Services						
Cleaning, Repair and Maintenance Services						
Rentals						
Other Purchased Services	22,183	935				
Supplies and Materials	556	212	877			
Total Support Services	23,032	1,147	877			
Facilities Acquisition:						
Non-Instructional Equipment						
Total Facilities Acquisition						
Total Expenditures	\$ 23,032	\$ 1,147	\$ 5,503	\$ 106	\$ 1,825	\$ 554

TOWN OF NEWTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Elementary and Secondary Education Act (Cont'd) Title IV		CARES Emergency Relief Grant	Preschool Education Aid	Private Donations	Totals
	FY20	FY19				
REVENUES:						
Local Sources	\$ 13,810	\$ 7,354	\$ 16,950	\$ 1,340,184	\$ 42,410	\$ 42,410
State Sources						1,340,184
Federal Sources						1,091,492
Total Revenues	13,810	7,354	16,950	1,340,184	42,410	2,474,086
Other Financing Sources:						
Transfer In - Board Contribution - General Fund				62,386		62,386
Total Revenues and Other Financing Sources	13,810	7,354	16,950	1,402,570	42,410	2,536,472
EXPENDITURES:						
Instruction:						
Salaries of Teachers		960		293,256	6,500	445,257
Other Salaries for Instruction	750			116,685		258,626
Purchased Professional and Technical Services						1,222
Tuition						371,017
General Supplies	2,402			21,883	19,432	120,803
Other Objects						35,577
Total Instruction	3,152	960		431,824	25,932	1,232,502
Support Services:						
Salaries of Other Professional Staff				68,216		187,503
Other Salaries				113,610		113,610
Personal Services - Employee Benefits				136,791		193,715
Purchased Professional and Technical Services			16,950	204,308	16,478	78,283
Purchased Education Services - Contracted Pre-K				287,328		204,308
Other Purchased Professional - Educational Services				10,479		287,328
Cleaning, Repair and Maintenance Services				99,998		10,479
Rentals						99,998
Other Purchased Services	6,591	1,436		40,513		62,613
Supplies and Materials						56,630
Total Support Services	10,658	6,394	16,950	961,243	16,478	1,294,467
Facilities Acquisition:						
Non-Instructional Equipment				9,503		9,503
Total Facilities Acquisition				9,503		9,503
Total Expenditures	\$ 13,810	\$ 7,354	\$ 16,950	\$ 1,402,570	\$ 42,410	\$ 2,536,472

SCHOOL DISTRICT OF THE TOWN OF NEWTON
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 335,642	\$ 293,256	\$ 42,386
Other Salaries for Instruction	116,685	116,685	
General Supplies	21,883	21,883	
Total Instruction	<u>474,210</u>	<u>431,824</u>	<u>42,386</u>
Support Services:			
Salaries of Other Professional Staff	68,216	68,216	
Other Salaries	113,610	113,610	
Personal Services – Employee Benefits	136,791	136,791	
Purchased Educational Services - Contracted Pre-K	204,308	204,308	
Purchased Professional - Educational Services	512,328	287,328	225,000
Cleaning, Repair, and Maintenance Services	10,479	10,479	
Rentals	99,998	99,998	
Contractual Services - Transportation	6,026		6,026
Supplies and Materials	40,513	40,513	
Total Support Services	<u>1,192,269</u>	<u>961,243</u>	<u>231,026</u>
Equipment:			
Noninstructional Equipment	9,503	9,503	
Total Equipment	<u>9,503</u>	<u>9,503</u>	
Total Expenditures	<u>\$ 1,675,982</u>	<u>\$ 1,402,570</u>	<u>\$ 273,412</u>

CALCULATION OF BUDGET & CARRYOVER

Total Revised 2019-2020 Preschool Education Aid Allocation	\$ 1,162,938
Actual Preschool Expansion Aid Carryover (June 30, 2019)	450,658
Add: Budgeted Transfer from General Fund 2019-20	62,386
Add: Budgeted Tuition 2019-20	-0-
Total Preschool Education Aid Funds Available for 2018-2019	<u>1,675,982</u>
Less: 2019-2020 Budgeted Preschool Education Expansion Aid Funds	<u>(1,675,982)</u>
Available & Unbudgeted Preschool Education Expansion Aid Funds as of June 30, 2020	-0-
Add: June 30, 2020 Unexpended Preschool Education Expansion Aid	273,412
Less: 2019-2020 Commissioner Approved Transfer to the General Fund	<u>-0-</u>
2019-2020 Carryover - Preschool Education Expansion Aid	<u>\$ 273,412</u>
2019-2020 Carryover - Preschool Education Expansion Aid	
Budgeted for Preschool Programs in 2020-2021	<u>\$ -0-</u>

CAPITAL PROJECTS FUND

TOWN OF NEWTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Revenue and Other Financing Sources:	
Lease Purchase Agreement Proceeds	\$ 3,022,093
	<hr/>
Total Revenue and Other Financing Sources	3,022,093
	<hr/>
Expenditures:	
Equipment	127,965
	<hr/>
Total Expenditures	127,965
	<hr/>
Excess of Revenue and Other Financing Sources Over Expenditures	2,894,128
Fund Balance - Beginning of Year	130,000
	<hr/>
Fund Balance - End of Year	\$ 3,024,128
	<hr/> <hr/>
<u>Recapitulation:</u>	
Committed	\$ 3,024,128
Committed - Year End Encumbrances	-0-
	<hr/>
Total Fund Balance - Budgetary Basis/GAAP Basis	\$ 3,024,128
	<hr/> <hr/>

TOWN OF NEWTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
REPLACEMENT TELEPHONE SYSTEM AND SCHOOL BUS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Lease Purchase Agreement Proceeds	\$ 200,000		\$ 200,000	\$ 200,000
Total Revenue and Other Financing Sources	<u>200,000</u>		<u>200,000</u>	<u>200,000</u>
Expenditures:				
General Supplies				1,615
Equipment	70,000	\$ 127,965	197,965	<u>198,385</u>
Total Expenditures	<u>70,000</u>	<u>127,965</u>	<u>197,965</u>	<u>200,000</u>
Excess of Revenue and Other Financing Sources Over Expenditures	<u>\$ 130,000</u>	<u>\$ (127,965)</u>	<u>\$ 2,035</u>	<u>\$ -0-</u>
 <u>Additional Project Information:</u>				
Project Numbers		N/A		
Grant Date		N/A		
Bond Authorization Date		N/A		
Bonds Authorized		N/A		
Bonds Issued		N/A		
Original Authorized Cost	\$ 200,000			
Project Balance Cancelled		-0-		
Revised Authorized Cost	\$ 200,000			
Percentage Decrease over Original Authorized Cost		0%		
Percentage Completion		100.00%		
Original Target Completion Date		06/20		
Revised Target Completion Date		N/A		

TOWN OF NEWTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
ACQUISITION OF THE EARLY CHILDHOOD MODULAR BUILDING
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
Lease Purchase Agreement Proceeds		\$ 845,758	\$ 845,758	\$ 845,758
Total Revenue and Other Financing Sources		845,758	845,758	845,758
Expenditures:				
Construction Services				845,758
Total Expenditures				845,758
Excess of Revenue and Other Financing Sources Over Expenditures				
	\$ -0-	\$ 845,758	\$ 845,758	\$ -0-

Additional Project Information:

Project Numbers	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 845,758
Project Balance Cancelled	-0-
Revised Authorized Cost	\$ 845,758
Percentage Decrease over Original Authorized Cost	0%
Percentage Completion	0%
Original Target Completion Date	06/21
Revised Target Completion Date	N/A

TOWN OF NEWTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
ENERGY SAVINGS IMPROVEMENT PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
Lease Purchase Agreement Proceeds		\$ 2,176,335	\$ 2,176,335	\$ 2,176,335
Total Revenue and Other Financing Sources		2,176,335	2,176,335	2,176,335
Expenditures:				
Construction Services				2,176,335
Total Expenditures				2,176,335
Excess of Revenue and Other Financing Sources Over Expenditures	\$ -0-	\$ 2,176,335	\$ 2,176,335	\$ -0-

Additional Project Information:

Project Numbers	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 2,716,335
Project Balance Cancelled	-0-
Revised Authorized Cost	\$ 2,716,335
Percentage Decrease over Original Authorized Cost	0%
Percentage Completion	0%
Original Target Completion Date	06/21
Revised Target Completion Date	N/A

PROPRIETARY FUNDS

TOWN OF NEWTON SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	Food Service	After Care Program	Total
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 197,890	\$ 2,364	\$ 200,254
Interfund Receivable - General Fund	718		718
Interfund Receivable - Food Service Fund		250	250
Intergovernmental Accounts Receivable:			
State	1,358		1,358
Federal	25,657		25,657
Other Accounts Receivable	32,915	12,163	45,078
Inventories	16,672		16,672
Total Current Assets	<u>275,210</u>	<u>14,777</u>	<u>289,987</u>
Non-Current Assets:			
Capital Assets	221,538		221,538
Less: Accumulated Depreciation	<u>(162,217)</u>		<u>(162,217)</u>
Total Non-Current Assets	<u>59,321</u>		<u>59,321</u>
Total Assets	<u>334,531</u>	<u>14,777</u>	<u>349,308</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable - Vendors	77,971		77,971
Payable to State Government	103		103
Payable to Federal Government	12,080		12,080
Interfund Receivable - After Care Program	250		250
Unearned Revenue - Donated Commodities	2,047		2,047
Unearned Revenue - Prepaid Sales	10,469		10,469
Total Current Liabilities	<u>102,920</u>		<u>102,920</u>
<u>NET POSITION:</u>			
Investment in Capital Assets	59,321		59,321
Unrestricted	<u>172,290</u>	<u>14,777</u>	<u>187,067</u>
Total Net Position	<u>\$ 231,611</u>	<u>\$ 14,777</u>	<u>\$ 246,388</u>

TOWN OF NEWTON SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	<u>Food</u>	<u>After Care</u>	
	<u>Service</u>	<u>Program</u>	<u>Total</u>
Operating Revenue:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ 90,328		\$ 90,328
Daily Sales - Non-Reimbursable Programs	39,551		39,551
Other Income	27,952	\$ 74,709	102,661
Special Events	8,224		8,224
Total Operating Revenue	<u>166,055</u>	<u>74,709</u>	<u>240,764</u>
Operating Expenses:			
Cost of Sales - Reimbursable Programs	157,611		157,611
Cost of Sales - Non-Reimbursable Programs	19,480		19,480
Salaries, Benefits & Payroll Taxes	229,612	77,642	307,254
Other Purchased Services	4,500	1,300	5,800
Supplies, Insurance and Other Costs	19,709	17,875	37,584
Management Fee	52,851		52,851
Miscellaneous Expenses	56,857		56,857
Depreciation Expense	10,901		10,901
Total Operating Expenses	<u>551,521</u>	<u>96,817</u>	<u>648,338</u>
Operating Loss	<u>(385,466)</u>	<u>(22,108)</u>	<u>(407,574)</u>
Non-Operating Revenue:			
Local Sources:			
Interest Income	1,409	314	1,723
State Sources:			
State School Lunch Program	5,072		5,072
COVID-19 Seamless Summer Option	216		216
Federal Sources:			
National School Lunch Program	160,645		160,645
School Breakfast Program	85,348		85,348
COVID-19 Seamless Summer Option	22,378		22,378
After School Snack Program	5,349		5,349
Child and Adult Care Food Program	24,650		24,650
Summer Food Service Program	38,613		38,613
Food Distribution Program	13,054		13,054
Total Non-Operating Revenue	<u>356,734</u>	<u>314</u>	<u>357,048</u>
Change in Net Position	(28,732)	(21,794)	(50,526)
Net Position - Beginning of Year	<u>260,343</u>	<u>36,571</u>	<u>296,914</u>
Net Position - End of Year	<u>\$ 231,611</u>	<u>\$ 14,777</u>	<u>\$ 246,388</u>

TOWN OF NEWTON SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	<u>Food</u>	<u>After Care</u>	
	<u>Service</u>	<u>Program</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 175,680	\$ 74,501	\$ 250,181
Payments to Food Service Contractor	(462,271)		(462,271)
Payments to/for Employees		(77,642)	(77,642)
Payments for Suppliers	(34,204)	(19,175)	(53,379)
Net Cash Used for Operating Activities	<u>(320,795)</u>	<u>(22,316)</u>	<u>(343,111)</u>
Cash Flows from Capital and Related Financing Activities:			
Purchases of Capital Assets	(9,495)		(9,495)
Net Cash Used for Capital and Related Financing Activities	<u>(9,495)</u>		<u>(9,495)</u>
Cash Flows from Investing Activities:			
Interest Income	1,409	314	1,723
Net Cash Provided by Investing Activities	<u>1,409</u>	<u>314</u>	<u>1,723</u>
Cash Flows from Noncapital Financing Activities:			
State Sources Collected in Food Service Fund	3,563		3,563
Federal Sources Collected in Food Service Fund	340,454		340,454
Net Cash Provided by Noncapital Financing Activities	<u>344,017</u>		<u>344,017</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	15,136	(22,002)	(6,866)
Cash and Cash Equivalents, July 1	182,754	24,366	207,120
Cash and Cash Equivalents, June 30	<u>\$ 197,890</u>	<u>\$ 2,364</u>	<u>\$ 200,254</u>
Reconciliation of Operating Loss to Net Cash			
Used for Operating Activities:			
Operating Loss	\$ (385,466)	\$ (22,108)	\$ (407,574)
Adjustment to Reconcile Operating Loss to Net Cash			
Used for Operating Activities:			
Depreciation	10,901		10,901
Food Distribution Program	13,054		13,054
Changes in Assets and Liabilities:			
Increase in Unearned Revenue	10,319		10,319
Increase in Accounts Payable	46,595		46,595
(Increase) in Other Accounts Receivable	(10,759)	(208)	(10,967)
(Increase) in Inventory	(5,439)		(5,439)
Net Cash Used for Operating Activities	<u>\$ (320,795)</u>	<u>\$ (22,316)</u>	<u>\$ (343,111)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$12,904 and utilized U.S.D.A. Commodities valued at \$13,054.

FIDUCIARY FUNDS

TOWN OF NEWTON SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Agency</u>			<u>Private Purpose Scholarship Trust</u>
	<u>Student Activity</u>	<u>Payroll</u>	<u>Totals</u>	
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 286,110	\$ 46,915	\$ 333,025	\$ 113,439
Investments	13,000		13,000	
Total Assets	<u>299,110</u>	<u>46,915</u>	<u>346,025</u>	<u>113,439</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings Due to Student Groups	<u>299,110</u>	46,915	46,915 <u>299,110</u>	
Total Liabilities	<u>299,110</u>	<u>46,915</u>	<u>346,025</u>	
<u>NET POSITION:</u>				
Restricted for Scholarships				<u>113,439</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 113,439</u>

TOWN OF NEWTON SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Private Purpose Scholarship Trust
ADDITIONS:	
Contributions:	
Donations	\$ 55,025
Total Contributions	55,025
Investment Earnings:	
Interest	1,180
Net Investment Earnings	1,180
Total Additions	56,205
DEDUCTIONS:	
Scholarships Awarded	15,200
Total Deductions	15,200
Change in Net Position	41,005
Net Position - Beginning of the Year	72,434
Net Position - End of the Year	\$ 113,439

TOWN OF NEWTON SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 280,091	\$ 386,208	\$ 380,189	\$ 286,110
Investments	13,000			13,000
Total Assets	<u>\$ 293,091</u>	<u>\$ 386,208</u>	<u>\$ 380,189</u>	<u>\$ 299,110</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	<u>\$ 293,091</u>	<u>\$ 386,208</u>	<u>\$ 380,189</u>	<u>\$ 299,110</u>
Total Liabilities	<u>\$ 293,091</u>	<u>\$ 386,208</u>	<u>\$ 380,189</u>	<u>\$ 299,110</u>

TOWN OF NEWTON SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 34,527	\$ 31,375,478	\$ 31,363,090	\$ 46,915
Total Assets	<u>\$ 34,527</u>	<u>\$ 31,375,478</u>	<u>\$ 31,363,090</u>	<u>\$ 46,915</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 34,527	\$ 31,375,478	\$ 31,363,090	\$ 46,915
Total Liabilities	<u>\$ 34,527</u>	<u>\$ 31,375,478</u>	<u>\$ 31,363,090</u>	<u>\$ 46,915</u>

LONG-TERM DEBT

TOWN OF NEWTON SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2019	Matured	Balance June 30, 2020
			Date	Amount				
Refunding Bonds of 2016	04/21/16	\$ 6,535,000	07/15/20	\$ 345,000	2.00%			
			07/15/21	350,000	2.00%			
			07/15/22	360,000	3.00%			
			07/15/23	370,000	3.00%			
			07/15/24	380,000	4.00%			
			07/15/25	395,000	4.00%			
			07/15/26	410,000	4.00%			
			07/15/27	425,000	4.00%			
			07/15/28	435,000	4.00%			
			07/15/29	460,000	3.75%			
			07/15/30	475,000	3.75%			
			07/15/31	490,000	3.75%			
			07/15/32	500,000	3.75%			
					\$ 5,735,000	\$ 340,000	\$ 5,395,000	
					\$ 5,735,000	\$ 340,000	\$ 5,395,000	

SCHOOL DISTRICT OF THE TOWN OF NEWTON
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Purpose	Interest Rate	Original Issue	Balance July 1, 2019	Issued	Matured	Balance June 30, 2020
Replacement Telephone System and School Bus	3.4178%	\$ 200,000	\$ 200,000		\$ 40,045	\$ 159,955
Acquisition of the Early Childhood Modular Building	1.5490%	845,758		\$ 845,758		845,758
Energy Savings Improvement Project	2.3810%	2,176,335		2,176,335		2,176,335
			<u>\$ 200,000</u>	<u>\$ 3,022,093</u>	<u>\$ 40,045</u>	<u>\$ 3,182,048</u>

TOWN OF NEWTON SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 533,187		\$ 533,187	\$ 533,187	
Total Revenues	533,187		533,187	533,187	
EXPENDITURES:					
Regular Debt Service:					
Interest	193,188		193,188	193,187	\$ 1
Redemption of Principal	340,000		340,000	340,000	
Total Regular Debt Service	533,188		533,188	533,187	1
Total Expenditures	533,188		533,188	533,187	1
Excess/(Deficit) of Revenue Over/(Under) Expenditures	(1)		(1)	-0-	1
Fund Balance, July 1	1		1	1	
Fund Balance, June 30	\$ -0-	\$ -0-	\$ -0-	\$ 1	\$ 1
<u>Recapitulation:</u>					
Restricted				\$ 1	1

STATISTICAL SECTION

(UNAUDITED)

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health.

Contents

	<u>Exhibit</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	J-1 thru J-5
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	J-6 thru J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 thru J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
Operating Information These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

TOWN OF NEWTON SCHOOL DISTRICT
NET POSITION BY COMPONENT,
LAST TEN FISCAL YEARS
ACCURAL BASIS OF ACCOUNTING
UNAUDITED

June 30,

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net Investment in Capital Assets	\$ 6,073,538	\$ 6,503,746	\$ 7,695,818	\$ 7,705,394	\$ 7,801,250	\$ 7,942,020	\$ 8,206,656	\$ 8,565,756	\$ 8,493,880	\$ 5,636,736
Restricted	536,961	400,559	409,867	526,418	713,095	893,844	1,311,949	1,219,697	1,289,007	1,735,394
Unrestricted/(Deficit)	(505,995)	(199,214)	(831,802)	(8,017,784)	(8,254,945)	(8,441,838)	(8,993,547)	(9,446,659)	(9,267,178)	(6,050,211)
Total Governmental Activities Net Position	\$ 6,104,504	\$ 6,705,091	\$ 7,273,883	\$ 214,028	\$ 259,400	\$ 394,026	\$ 525,058	\$ 338,794	\$ 515,709	\$ 1,321,919
Business-type Activities										
Investment in Capital Assets	\$ 8,023	\$ 1,751	\$ 36,177	\$ 32,034	\$ 27,890	\$ 36,566	\$ 53,444	\$ 69,083	\$ 60,727	\$ 59,321
Unrestricted	88,237	135,331	137,916	196,848	216,640	208,795	219,302	213,301	236,187	187,067
Total Business-type Activities Net Position	\$ 96,260	\$ 137,082	\$ 174,093	\$ 228,882	\$ 244,530	\$ 245,361	\$ 272,746	\$ 282,384	\$ 296,914	\$ 246,388
District-wide										
Net Investment in Capital Assets	\$ 6,081,561	\$ 6,505,497	\$ 7,731,995	\$ 7,737,428	\$ 7,829,140	\$ 7,978,586	\$ 8,260,100	\$ 8,634,839	\$ 8,554,607	\$ 5,696,057
Restricted	536,961	400,559	409,867	526,418	713,095	893,844	1,311,949	1,219,697	1,289,007	1,735,394
Unrestricted/(Deficit)	(417,758)	(63,883)	(693,886)	(7,820,936)	(8,038,305)	(8,233,043)	(8,774,245)	(9,233,358)	(9,030,991)	(5,863,144)
Total District Net Position	\$ 6,200,764	\$ 6,842,173	\$ 7,447,976	\$ 442,910	\$ 503,930	\$ 639,387	\$ 797,804	\$ 621,178	\$ 812,623	\$ 1,568,307

Source: School District Financial Reports

TOWN OF NEWTON SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
ACCURAL BASIS OF ACCOUNTING
UNAUDITED

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 11,135,333	\$ 11,080,332	\$ 11,760,258	\$ 12,136,535	\$ 13,652,210	\$ 14,876,990	\$ 16,098,503	\$ 17,291,100	\$ 16,424,609	\$ 15,313,264
Special Education	2,147,769	2,181,519	2,473,321	2,576,662	3,378,679	3,630,608	4,122,973	4,406,706	4,207,672	3,716,196
Other Special Education	125,940	125,509	161,434	127,874	125,463	99,026	103,252	103,449	142,489	303,636
School Sponsored/Other Instruction	1,021,508	1,061,927	1,265,476	1,206,335	1,453,168	1,445,664	1,751,307	1,795,839	1,621,456	1,490,648
Support Services:										
Tuition	721,550	635,143	741,923	901,919	1,067,316	712,627	620,433	914,562	758,033	783,488
Student & Instruction Related Services	3,466,982	3,488,565	3,526,211	3,500,685	4,159,265	4,825,518	5,515,860	5,584,830	5,652,918	6,210,781
General Administrative Services	559,715	691,793	604,690	628,102	703,523	911,052	861,950	807,091	734,836	682,733
School Administrative Services	1,542,712	1,596,152	1,747,873	1,652,033	1,936,423	1,930,923	2,276,248	2,424,351	2,140,903	2,009,877
Central Services	524,257	518,604	531,189	507,888	574,458	624,712	717,780	715,733	697,207	657,880
Administrative Information Technology	211,385	243,395	243,773	386,062	326,491	352,301	353,879	336,929	338,421	316,747
Plant Operations and Maintenance	2,489,509	2,720,977	2,703,116	2,895,524	2,930,168	3,145,951	3,471,505	3,199,995	3,008,142	2,870,910
Pupil Transportation	405,190	519,128	581,774	631,442	741,649	631,274	648,838	874,197	922,274	926,303
Transfer of Funds to Charter School	51,796	69,905	120,345	128,554	110,635	82,665	115,845	157,974	130,055	236,271
Interest on Long-term Debt	379,279	366,933	357,744	341,672	328,495	389,324	177,435	175,215	168,525	161,727
Capital Outlay	67,119	322,415	106,641	39,408	40,189	86,882				
Unallocated Depreciation	278,987	278,987	278,987	278,987	278,987	278,987				
Total Governmental Activities Expenses	25,129,031	25,901,284	27,204,755	27,939,682	31,807,119	34,024,504	36,835,808	38,787,971	36,947,540	35,680,461
Business-type Activities:										
Food Service	676,729	690,162	666,769	687,208	555,578	544,613	571,900	572,442	565,644	551,521
After Care	34,148	39,992	57,393	52,135	48,318	65,985	58,909	78,670	110,435	96,817
Total Business-type Activities Expense	710,877	730,154	724,162	739,343	603,896	610,598	630,809	651,112	676,079	648,338
Total District Expenses	\$ 25,839,908	\$ 26,631,438	\$ 27,928,917	\$ 28,679,025	\$ 32,411,015	\$ 34,635,102	\$ 37,466,617	\$ 39,439,083	\$ 37,623,619	\$ 36,328,799
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)	\$ 5,614,644	\$ 6,268,933	\$ 7,034,786	\$ 6,848,705	\$ 7,024,707	\$ 7,876,395	\$ 7,823,426	\$ 7,450,913	\$ 8,005,817	\$ 7,588,982
Pupil Transportation						9,000	10,800	4,800	4,200	1,200
Operating Grants and Contributions	3,235,390	3,519,456	3,786,560	3,613,786	6,668,029	7,941,798	10,451,916	12,067,297	10,471,799	9,681,204
Capital Grants and Contributions	92,390							84,525		
Total Governmental Activities Program Revenues	8,942,424	9,788,389	10,821,346	10,462,491	13,692,736	15,827,193	18,286,142	19,607,535	18,481,816	17,271,386
Business-type Activities:										
Charges for Services:										
Food Service	440,339	434,579	385,617	385,039	250,004	242,162	251,916	262,880	257,849	166,055
After Care	42,211	55,971	70,505	76,520	65,039	59,900	53,021	57,144	92,485	74,709
Operating Grants and Contributions - Food Service	250,656	284,735	332,227	304,121	308,815	308,815	340,323	340,323	338,277	355,325
Total Business-type Activities Program Revenues	733,206	775,285	760,921	793,786	619,164	610,877	657,801	660,347	688,611	596,089
Total District Program Revenues	\$ 9,675,630	\$ 10,563,674	\$ 11,582,267	\$ 11,256,277	\$ 14,311,900	\$ 16,438,070	\$ 18,943,943	\$ 20,267,882	\$ 19,170,427	\$ 17,867,475

TOWN OF NEWTON SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
ACCURAL BASIS OF ACCOUNTING
UNAUDITED
(Continued)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (Expense)/Revenue:										
Governmental Activities	\$ (16,186,607)	\$ (16,112,895)	\$ (16,383,409)	\$ (17,477,191)	\$ (18,114,383)	\$ (18,197,311)	\$ (18,549,666)	\$ (19,180,436)	\$ (18,465,724)	\$ (18,409,075)
Business-type Activities	22,329	45,131	36,759	54,443	15,268	279	26,992	9,235	12,532	(52,249)
Total District-wide Net Expense	\$ (16,164,278)	\$ (16,067,764)	\$ (16,346,650)	\$ (17,422,748)	\$ (18,099,115)	\$ (18,197,032)	\$ (18,522,674)	\$ (19,171,201)	\$ (18,453,192)	\$ (18,461,324)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 11,073,429	\$ 11,044,898	\$ 11,159,127	\$ 11,782,310	\$ 12,137,057	\$ 12,379,798	\$ 12,627,394	\$ 12,658,194	\$ 12,357,185	\$ 12,357,185
Taxes Levied for Debt Service	582,887	597,721	597,941	597,750	595,374	592,875	604,500	525,542	532,109	533,187
Unrestricted Grants and Contributions	4,697,805	4,990,916	5,217,548	5,220,448	5,369,447	5,252,323	5,335,338	5,552,797	5,657,427	6,247,849
Investment Earnings	7,308	4,112	3,130	3,625	4,056	4,919	6,485	6,849	31,490	29,394
Miscellaneous Income	104,815	75,835	63,403	66,545	53,821	102,022	106,981	250,790	64,428	47,670
Total Governmental Activities	16,466,244	16,713,482	17,041,149	17,670,678	18,159,755	18,331,937	18,680,698	18,994,172	18,642,639	19,215,285
Business-type Activities:										
Investment Earnings	\$ 252	\$ 251	\$ 252	\$ 346	\$ 380	\$ 362	\$ 393	\$ 403	\$ 1,998	\$ 1,723
Cancellation of Prior Year Accounts Payable						190				
Disposals of Capital Assets		(4,560)								
Total Business-type Activities	252	(4,309)	252	346	380	552	393	403	1,998	1,723
Total District-wide	\$ 16,466,496	\$ 16,709,173	\$ 17,041,401	\$ 17,671,024	\$ 18,160,135	\$ 18,332,489	\$ 18,681,091	\$ 18,994,575	\$ 18,644,637	\$ 19,217,008
Change in Net Position										
Governmental Activities	\$ 279,637	\$ 600,587	\$ 657,740	\$ 193,487	\$ 45,372	\$ 134,626	\$ 131,032	\$ (186,264)	\$ 176,915	\$ 806,210
Business-type Activities	22,581	40,822	37,011	54,789	15,648	831	27,385	9,638	14,530	(50,526)
Total District	\$ 302,218	\$ 641,409	\$ 694,751	\$ 248,276	\$ 61,020	\$ 135,457	\$ 158,417	\$ (176,626)	\$ 191,445	\$ 755,684

Source: School District Financial Reports

TOWN OF NEWTON SCHOOL DISTRICT
 FUND BALANCES, GOVERNMENTAL FUNDS,
 LAST TEN FISCAL YEARS
 MODIFIED ACCRUAL BASIS OF ACCOUNTING
 UNAUDITED

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Restricted	\$ 536,961	\$ 400,559	\$ 409,866	\$ 526,417	\$ 713,095	\$ 887,848	\$ 1,303,124	\$ 1,216,867	\$ 1,289,006	\$ 1,735,393
Assigned	375,466	674,207	150,688	229,115	41,468	370,775	446,214	291,405	309,920	530,504
Unassigned	14,130		2,125				11,412			
Total General Fund	\$ 926,557	\$ 1,074,766	\$ 562,679	\$ 755,532	\$ 754,563	\$ 1,258,623	\$ 1,760,750	\$ 1,508,272	\$ 1,598,926	\$ 2,265,897
All Other Governmental Funds										
Restricted			\$ 1	\$ 1		\$ 5,996	\$ 8,825	\$ 2,830	\$ 1	\$ 1
Committed						102,254			130,000	3,024,128
Unassigned/(Deficit)							(10,381)		(86,928)	(114,817)
Total All Other Governmental Funds/(Deficit)	\$ -0-	\$ -0-	\$ 1	\$ 1	\$ -0-	\$ 108,250	\$ (1,556)	\$ 2,830	\$ 43,073	\$ 2,909,312
Total Governmental Funds	\$ 926,557	\$ 1,074,766	\$ 562,680	\$ 755,533	\$ 754,563	\$ 1,366,873	\$ 1,759,194	\$ 1,511,102	\$ 1,641,999	\$ 5,175,209

Source: School District Financial Reports

TOWN OF NEWTON SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
UNAUDITED

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Tax Levy	\$ 11,656,316	\$ 11,642,619	\$ 11,757,068	\$ 12,380,060	\$ 12,732,431	\$ 12,972,673	\$ 13,231,894	\$ 13,183,736	\$ 12,889,294	\$ 12,890,372
Tuition Charges	5,614,644	6,268,933	7,034,786	6,848,705	7,024,707	7,876,395	7,823,426	7,450,913	8,005,817	7,588,982
Transportation Fees from LEAs						9,000	10,800	4,800	4,200	1,200
Rents and Royalties							10,000	10,000	10,000	12,000
Miscellaneous	112,467	87,447	73,147	83,535	91,141	108,829	143,007	258,023	136,306	100,012
State Sources	7,144,588	7,598,225	8,389,076	8,128,064	8,529,800	8,959,454	9,442,787	10,392,502	11,625,043	13,244,616
Federal Sources	880,653	904,647	608,418	692,805	796,691	698,187	767,626	737,454	1,126,565	1,102,952
Total Revenue	25,408,668	26,501,871	27,862,495	28,133,169	29,174,770	30,624,538	31,429,540	32,037,428	33,797,225	34,940,134
Expenditures										
Instruction										
Regular Instruction	8,201,435	8,362,810	8,516,168	8,849,098	8,911,446	9,437,093	9,201,227	9,364,388	9,771,483	9,499,137
Special Education Instruction	1,521,625	1,585,209	1,693,312	1,804,354	2,045,155	2,137,557	2,156,621	2,197,355	2,353,782	2,150,840
Other Special Instruction	90,802	93,424	115,412	93,016	94,004	70,507	72,001	70,283	87,946	193,770
School-Sponsored/Other Instruction	765,254	822,260	954,841	926,868	1,045,157	999,801	1,134,543	1,129,960	1,062,675	996,459
Support Services:										
Tuition	721,550	635,143	741,923	901,919	1,067,316	712,627	620,433	914,562	758,033	783,488
Student & Other Instruction Related Services	2,605,817	2,663,444	2,627,021	2,616,628	2,789,263	3,051,668	3,169,418	3,159,099	3,655,057	4,342,401
General Administrative Services	460,271	610,968	499,339	530,525	569,883	696,293	632,300	580,413	544,445	553,870
School Administrative Services	1,092,708	1,178,243	1,228,027	1,204,758	1,211,813	1,171,759	1,285,850	1,257,229	1,209,970	1,179,624
Central Services	359,610	362,974	375,132	357,474	350,002	364,533	373,249	426,511	385,903	413,408
Administrative Information Technology	163,996	194,603	196,789	323,104	246,897	245,494	199,254	194,609	215,336	240,360
Plant Operations and Maintenance	1,843,204	2,076,935	1,983,401	2,171,967	1,998,431	1,938,746	2,030,800	1,837,003	1,898,268	1,909,935
Student Transportation	309,429	416,791	460,891	509,808	582,859	476,519	396,430	611,206	700,709	723,646
Unallocated Benefits	6,134,945	5,747,920	6,664,286	6,585,734	7,146,614	7,787,058	8,493,561	9,143,916	10,085,562	10,161,634
Transfer of Funds to Charter School	51,796	69,905	120,345	128,554	110,635	82,665	115,845	157,974	130,055	236,271
Capital Outlay	323,130	935,312	1,599,754	338,759	410,890	253,029	554,016	709,475	472,166	510,987
Debt Service:										
Principal	210,000	235,000	245,000	255,000	265,000	275,000	440,000	325,000	335,000	340,000
Interest and Other Charges	372,888	362,721	352,940	342,750	330,375	317,875	161,671	206,537	199,938	193,187
Total Expenditures	25,228,460	26,353,662	28,374,581	27,940,316	29,175,740	30,018,224	31,037,219	32,285,520	33,866,328	34,429,017
Excess/(Deficit) of Revenues Over/(Under) Expenditures	180,208	148,209	(512,086)	192,853	(970)	606,314	392,321	(248,092)	(69,103)	511,117

TOWN OF NEWTON SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING

UNAUDITED
(Continued)

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Other Financing Sources/(Uses)										
Long Term Debt Issued						\$ 6,535,000				
Bond Premium						598,734				
Serial Bonds Defeased						(6,850,000)				
Bond Issuance Costs						(132,486)				
Deferred Interest						(145,252)				
Lease Purchase Agreement Proceeds									\$ 200,000	\$ 3,022,093
Total Other Financing Sources/(Uses)						5,996			200,000	3,022,093
Net Change in Fund Balances	\$ 180,208	\$ 148,209	\$ (512,086)	\$ 192,853	\$ (970)	\$ 612,310	\$ 392,321	\$ (248,092)	\$ 130,897	\$ 3,533,210
Debt Service as a Percentage of Noncapital Expenditures	2.34%	2.35%	2.23%	2.17%	2.07%	1.99%	1.96%	1.68%	1.60%	1.57%

TOWN OF NEWTON SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
UNAUDITED

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Transportation Fees	Rents and Royalties	Miscellaneous	Total
2011	\$ 7,308	\$ 5,614,644			\$ 104,815	\$ 5,726,767
2012	4,112	6,268,933			75,835	6,348,880
2013	3,130	7,034,786			63,403	7,101,319
2014	3,625	6,848,705			66,545	6,918,875
2015	4,056	7,024,707			53,821	7,082,584
2016	4,919	7,876,395	\$ 9,000		102,022	7,992,336
2017	6,485	7,823,426	10,800	\$ 10,000	96,981	7,947,692
2018	6,849	7,450,913	4,800	12,000	240,790	7,715,352
2019	31,490	8,005,817	4,200	10,000	54,428	8,105,935
2020	29,394	7,588,982	1,200	12,000	35,670	7,667,246

Source: School District of the Town of Newton records

TOWN OF NEWTON SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Tax Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2010	\$ 9,244,300	\$ 529,836,200	\$ 543,600	\$ 39,800	\$ 208,846,100	\$ 21,134,300	\$ 42,480,200	\$ 812,124,500	\$ 276,386,200	\$ 5,559,880	\$ 817,684,380	\$ 1.40	\$ 821,900,949
2011	** 10,565,700	436,837,600	465,600	39,800	189,235,100	17,354,900	38,218,600	692,717,300	272,760,500	3,821,741	696,539,041	1.66	741,202,056
2012	8,883,100	435,739,900	465,600	39,800	188,293,900	17,130,400	37,768,700	688,321,400	278,806,400	2,365,090	690,686,490	1.68	727,846,015
2013	8,829,300	433,661,600	727,400	41,100	187,450,300	17,091,600	37,678,000	685,479,300	284,691,400	1,611,110	687,090,410	1.75	679,490,063
2014	** 7,644,700	369,711,500	646,200	41,100	173,581,700	13,805,400	36,143,900	601,574,500	283,633,500	2,296,214	603,870,714	2.08	627,028,621
2015	8,703,900	369,929,600	646,200	41,100	172,475,000	13,593,900	36,143,900	601,533,600	283,534,100	3,135,425	604,669,025	2.13	632,598,156
2016	8,528,900	369,753,800	646,200	41,100	172,260,500	13,093,900	35,878,900	600,203,300	283,545,300	3,366,159	603,569,459	2.17	624,118,805
2017	10,339,800	365,652,000	646,200	41,100	168,186,100	13,093,900	39,881,700	597,840,800	281,773,200	3,149,149	600,989,949	2.19	625,091,779
2018	10,061,400	365,378,000	646,200	58,900	166,845,900	13,093,900	39,875,000	595,959,300	282,071,000	3,142,042	599,101,342	2.18	633,703,021
2019	9,992,200	367,372,700	646,200	58,900	164,677,100	13,293,900	38,569,000	594,610,000	288,852,100	3,708,825	598,318,825	2.15	674,513,454

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100 of assessed value.

** Reassessment became effective in this year.

Source: Municipal Tax Assessor

TOWN OF NEWTON SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(Rate per \$100 of Assessed Value)

Year Ended December 31,	School District of the Town of Newton Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Town of Newton	Sussex County	
2010	\$ 1.33	\$ 0.07	\$ 1.40	\$ 0.90	\$ 0.41	\$ 2.71
2011	** 1.58	0.09	1.66	1.13	0.46	3.25
2012	1.60	0.09	1.68	1.14	0.49	3.31
2013	1.66	0.08	1.75	1.20	0.62	3.56
2014	** 1.98	0.10	2.08	1.36	0.54	3.98
2015	2.03	0.10	2.13	1.39	0.54	4.06
2016	2.07	0.10	2.17	1.43	0.57	4.17
2017	2.10	0.09	2.19	1.45	0.59	4.23
2018	2.09	0.09	2.18	1.47	0.61	4.26
2019	2.06	0.09	2.15	1.48	0.65	4.29

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

** Reassessment became effective in this year.

Source: Municipal Tax Collector and School Business Administrator

TOWN OF NEWTON SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2019		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Martin, Kenneth D & Assoc II, LLC	\$ 11,052,300	1	1.84%
Route 519 & North Park Drive, LLC	10,400,000	2	1.74%
Newton West LTD	9,077,200	3	1.52%
Sussex Nine Inc c/o Barn Hill Conv	8,100,000	4	1.35%
Newton 213, LLC C/O Ronetco	7,966,300	5	1.33%
Weis Markets, Inc	7,100,000	6	1.19%
Merriam Gateway Apartments, Inc	5,743,900	7	0.96%
Newtonian Associates, LLC	4,850,000	8	0.81%
Holiday Inn Express c/o Patel	4,740,000	9	0.79%
Gordon Newton Assoc, LLC & Diamond	4,094,300	10	0.68%
Total	<u>\$ 73,124,000</u>		<u>12.21%</u>

Taxpayer	2010		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Martin, Kenneth D & Assoc II, LLC	\$ 13,770,700	1	1.68%
Sussex Nine Inc c/o Barnhill	11,063,100	2	1.35%
Merriam Gateway Apartments, Inc	10,456,400	3	1.28%
PECD Realty c/o Ronetco	10,273,300	4	1.26%
United Telephone Company of NJ	9,793,674	5	1.20%
Newton West LTD	9,300,000	6	1.14%
Weis Markets, Inc.	8,647,200	7	1.06%
Gordon Newton Assoc, LLC	6,404,800	8	0.78%
Holiday Inn Express	6,396,200	9	0.78%
Newtonian Associates, LLC	5,980,000	10	0.73%
	<u>\$ 92,085,374</u>		<u>11.26%</u>

Note: A reassessment was effective in 2014.

Source: Municipal Tax Assessor

TOWN OF NEWTON SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	\$ 11,656,316	\$ 11,656,316	100.00%	\$ -0-
2012	11,642,619	11,642,619	100.00%	-0-
2013	11,757,068	11,757,068	100.00%	-0-
2014	12,380,060	12,380,060	100.00%	-0-
2015	12,732,431	12,732,431	100.00%	-0-
2016	12,972,673	12,972,673	100.00%	-0-
2017	13,231,894	13,231,894	100.00%	-0-
2018	13,183,736	13,183,736	100.00%	-0-
2019	12,889,294	12,889,294	100.00%	-0-
2020	12,890,372	12,890,372	100.00%	-0-

Source: School District of the Town of Newton records including the Certificate and Report of School Taxes (A4F form)

- a. School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

TOWN OF NEWTON SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities										Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Obligations Under		Bond Anticipation Notes (BANs)	Business-Type Activities		Capital	Leases	Total			
			Lease-Purchase Agreement										
2011	\$ 8,425,000	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 8,425,000	2.19%	\$ 1,038.20	
2012	8,190,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	8,190,000	2.07%	1,014.87	
2013	7,945,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	7,945,000	1.93%	981.83	
2014	7,690,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	7,690,000	1.87%	959.81	
2015	7,425,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	7,425,000	1.74%	935.37	
2016	6,835,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	6,835,000	1.55%	861.16	
2017	6,395,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	6,395,000	1.43%	811.75	
2018	6,070,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	6,070,000	1.32%	776.51	
2019	5,735,000	-0-	-0-	200,000	-0-	-0-	-0-	-0-	-0-	5,935,000	1.21%	747.39	
2020	5,395,000	-0-	-0-	3,182,048	-0-	-0-	-0-	-0-	-0-	8,577,048	1.73%	1,069.59	

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Source: School District Financial Reports

TOWN OF NEWTON SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation Taxable ^a	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2011	\$ 8,425,000	\$ -0-	\$ 8,425,000	1.03% **	\$ 1,038.20
2012	8,190,000	-0-	8,190,000	1.18%	1,014.87
2013	7,945,000	-0-	7,945,000	1.15%	981.83
2014	7,690,000	-0-	7,690,000	1.12% **	959.81
2015	7,425,000	-0-	7,425,000	1.23%	935.37
2016	6,835,000	-0-	6,835,000	1.13%	861.16
2017	6,395,000	-0-	6,395,000	1.06%	811.75
2018	6,070,000	-0-	6,070,000	1.01%	776.51
2019	5,735,000	-0-	5,735,000	0.96%	722.20
2020	5,395,000	-0-	5,395,000	0.90%	672.78

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

** Reassessment became effective this year.

Source: School District Financial Reports

TOWN OF NEWTON SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2019
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Town of Newton	\$ 14,639,716	100.000%	\$ 14,639,716
Sussex County General Obligation Debt	99,441,765	3.880%	<u>3,858,050</u>
Subtotal, Overlapping Debt			18,497,766
School District of the Town of Newton Direct Debt			<u>5,395,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 23,892,766</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Sussex County Board of Taxation; debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Newton. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping unit.

^a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of another governmental unit's equalized property value that is within the district's boundaries and dividing it by each unit's total equalized property value.

TOWN OF NEWTON SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION,
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2020

	2019
Equalized valuation basis	\$ 655,578,831
	666,248,519
	626,536,156
	<u>\$1,948,363,506</u>
	<u>\$ 649,454,502</u>
	\$ 25,978,180
	5,395,000
	<u>\$ 20,583,180</u>

Average Equalized Valuation of Taxable Property

Debt Limit (4% of average equalization value)
 Net Bonded School Debt
 Legal Debt Margin

Fiscal Year Ended June 30,

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$ 32,056,086	\$ 30,826,412	\$ 28,952,099	\$ 27,037,178	\$ 25,717,550	\$ 24,956,336	\$ 24,763,676	\$ 24,809,025	\$ 25,018,032	\$ 25,978,180
Total Net Debt Applicable to Limit	8,425,000	8,190,000	7,945,000	7,690,000	7,425,000	6,835,000	6,395,000	6,070,000	5,735,000	5,395,000
Legal Debt Margin	<u>\$ 23,631,086</u>	<u>\$ 22,636,412</u>	<u>\$ 21,007,099</u>	<u>\$ 19,347,178</u>	<u>\$ 18,292,550</u>	<u>\$ 18,121,336</u>	<u>\$ 18,368,676</u>	<u>\$ 18,739,025</u>	<u>\$ 19,283,032</u>	<u>\$ 20,583,180</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	26.28%	26.57%	27.44%	28.44%	28.87%	27.39%	25.82%	24.47%	22.92%	20.77%

a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.

TOWN OF NEWTON SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year	Population ^a	Town of Newton Income Personal Income ^b	Sussex County Per Capita Personal Income ^c	Unemployment Rate ^d
2011	8,070	\$ 396,180,510	\$ 49,093	8.10%
2012	8,092	411,429,648	50,844	8.10%
2013	8,012	412,265,472	51,456	10.10%
2014	7,938	427,207,284	53,818	7.00%
2015	7,937	441,908,349	55,677	6.50%
2016	7,878	448,368,492	56,914	5.29%
2017	7,817	458,990,789	58,717	4.50%
2018	7,941	490,412,337	61,757	4.20%
2019	8,019	495,229,383	61,757 *	3.80%
2020	8,019 **	495,229,383 ***	61,757 *	N/A

* - Latest Sussex County per capita personal income available (2018) was used for calculation purposes.

** - Latest population data available (2019) was used for calculation purposes.

*** - Latest available population data (2019) and latest available Sussex County per capita personal income (2018) was used for calculation purposes.

N/A - Information not available

Sources:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

TOWN OF NEWTON SCHOOL DISTRICT
PRINCIPAL EMPLOYERS, COUNTY OF SUSSEX
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Employer	2019	
	Employees	Percentage of Total Employment
Selective Insurance Group Inc.	1,000-4,999	1.40%-7.00%
Crystal Springs Resort	1,000-4,999	1.40%-7.00%
Newton Medical Center	500-999	0.70%-1.40%
Sussex County Offices	500-999	0.70%-1.40%
Thorlabs	500-999	0.70%-1.40%
Mountain Creek Resort	500-999	0.70%-1.40%
Shop Rite	250-499	0.35%-0.70%
Sussex County Community College	250-499	0.35%-0.70%
United Methodist Community Bristol Glen	250-499	0.35%-0.70%
Andover Subacute & Rehab Center	100-249	0.14%-0.35%
	<u>4,850-15,740</u>	<u>6.79%-22.04%</u>
Total Employment	<u>71,425</u>	
Employer	2010	
	Employees	Percentage of Total Employment
Crystal Springs Golf and Spa Resort	2,000	2.61%
Newton Memorial Hospital	1,490	1.94%
Selective Insurance	900	1.17%
County of Sussex	830	1.08%
Mountain Creek Resort	800	1.04%
Shop Rite (Ronetco)	697	0.91%
Ames Rubber Corp	445	0.58%
Walmart	412	0.54%
Andover Subacute & Rehab Center	300	0.39%
Sussex County Community College	300	0.39%
	<u>8,174</u>	<u>10.66%</u>
Total Employment	<u>76,713</u>	

Source: County of Sussex

TOWN OF NEWTON SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM,
LAST TEN FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Instruction	107	108	111	112	112	119	119	119	122	116
Regular	34	37	40	40	56	50	51	59	59	59
Special education	2	2	3	3	3	3	3	3	3	3
Other instruction										
Support Services:										
Student & instruction related services	33	49	51	51	52	59	53	56	56	56
School administrative services	12	13	13	13	11	10	10	10	11	11
General administrative services	2	2	2	2	2	2	2	2	2	2
Plant operations and maintenance	19	20	22	25	22	22	22	20	21	21
Pupil transportation	2	3	3	3	3	2	3	3	4	4
Business and other support services	5	5	5	5	5	5	5	5	5	5
Food Service	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total	216	239	250	254	266	272	268	277	283	277

Source: School District of the Town of Newton Personnel Records

TOWN OF NEWTON SCHOOL DISTRICT
OPERATING STATISTICS,
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year End June 30,	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary ^e	Middle School ^e	Senior High School				
2011	1,523	\$ 24,322,442	\$ 15,970	-0.52%	123	1:11.5	1:12.8	1:12.0	1,501	1,416	-2.34%	94.34%
2012	1,530	24,820,629	16,223	1.58%	128	1:13.3	1:11.3	1:14.2	1,513	1,427	0.80%	94.32%
2013	1,507	26,176,887	17,370	7.07%	131	1:12.4	1:8.0	1:11.4	1,507	1,430	-0.40%	94.89%
2014	1,531	27,003,807	17,638	1.54%	132	1:13:1	1:7:7	1:11:8	1,531	1,439	1.59%	93.99%
2015	1,569	28,169,475	17,954	1.79%	138	1:11.8	1:10.0	1:11.6	1,557	1,454	1.70%	93.38%
2016	1,549	29,172,320	18,833	4.90%	147	1:11.8	1:12.1	1:11.2	1,555	1,466	-0.13%	94.28%
2017	1,552	29,881,532	19,254	2.23%	147	1:11.6	1:10.4	1:10.4	1,537	1,442	-1.16%	93.82%
2018	1,535	31,044,508	20,224	5.04%	170	1:10.8	1:12	1:10.9	1,535	1,451	-0.13%	94.53%
2019	1,535	32,859,224	21,407	5.85%	184	1:7.6	1:6.1	1:8.9	1,561	1,455	1.69%	93.21%
2020	1,544	33,384,843	21,622	1.01%	178	1:8.2	1:7.9	1:9.5	1,560	1,488	-0.06%	95.38%

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d The Cost Per Pupil calculated above is the sum of the operating expenditures divided by enrollment. This Cost Per Pupil may be different from other Cost Per Pupil calculations.
- e The Elementary School is PreK through 4th grades and the Middle School is 5th through 8th grades.

Source: School District of the Town of Newton records

TOWN OF NEWTON SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

<u>District/Building</u>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Merriam Avenue School										
Square Feet	77,151	77,151	77,151	77,151	77,151	77,151	77,151	77,151	77,151	77,151
Capacity (students) - *	601; 693	601; 693	601; 693	601; 693	601; 693	601; 693	601; 693	601; 693	601; 693	601; 693
Enrollment **	489	499	541	561	490	472	475	481	486	472
Halsted Street School										
Square Feet	71,120	71,120	71,120	71,120	71,120	71,120	71,120	71,120	71,120	71,120
Capacity (students) - *	233; 356	233; 356	233; 356	233; 356	233; 356	233; 356	233; 356	233; 356	233; 356	233; 356
Enrollment **	246	234	207	221	301	316	334	326	334	357
Newton High School										
Square Feet	118,980	118,980	118,980	118,980	118,980	118,980	118,980	118,980	118,980	118,980
Capacity (students) - *	519; 904	519; 904	519; 904	519; 904	519; 904	519; 904	519; 904	519; 904	519; 904	519; 904
Enrollment	788	797	759	749	778	761	743	728	715	715
Board Office										
Square Feet	3,102	3,102	3,102	3,102	3,102	3,102	3,102	3,102	3,102	3,102
Number of Schools at June 30, 2020										
Elementary = 1										
Middle School = 1										
High School = 1										
Other = 1										

* The first student capacity number reflects the FES (Facility Efficiency Standards) capacity while the second student capacity number reflects the District Practices as per the 2010 Long Range Facility Plan.

** 5th Grade was moved from Merriam Avenue School to Halsted Street School as of 07/01/14.

Note: Enrollment is based on the annual October district count.

Source: School District of the Town of Newton Facilities Office

TOWN OF NEWTON SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
UNAUDITED

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-xxx

Fiscal Year Ended June 30,	Merriam Avenue School	Halsted Street School	Newton High School	Board Office	Total
2011	\$ 99,334	\$ 102,342	\$ 260,561	\$ 6,283	\$ 468,520
2012	166,744	120,785	313,250	28,546	629,325
2013	160,578	148,703	249,146	8,429	566,856
2014	139,175	127,805	284,796	14,498	566,274
2015	127,778	122,854	251,693	16,129	518,454
2016	155,047	123,433	251,787	21,096	551,363
2017	141,160	131,044	282,684	11,066	565,954
2018	109,235	105,302	178,172	11,788	404,497
2019	105,346	94,968	193,174	11,659	405,147
2020	119,806	127,729	189,296	16,868	453,699

* School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: School District of the Town of Newton records

TOWN OF NEWTON SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2020
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund (SAIF):		
School Package Policy:		
Building & Personal Property	\$ 500,000,000 Occurrence	\$ 2,500
Auto Physical Damage		1,000
General Liability including Auto, Employee Benefits:	5,000,000	
Per Occurrence		
General Aggregate	Agreed upon based on membership.	
Product/Completed Ops		
Personal Injury		
Fire Damage	2,500,000	
Medical Expenses (excluding students taking part in athletics)	10,000	
Automobile Coverage		
Combined Single Limit		
Hired/Non-owned		
Security Guard Liability	none	
Environmental Impairment Liability	1,000,000 /\$25,000,000 Fund Agg.	10,000
First Party Cleanup	\$100,000 Fungi & Legionella	100,000
Crime Coverage	50,000 Inside/Outside	1,000
Blanket Dishonesty Bond	500,000	1,000
Boiler and Machinery	100,000,000	2,500
Excess Liability (AL/GL/SLPL)	5,000,000	
School Board Legal Liability (SLPL)	5,000,000	10,000
Cyber Liability	2,000,000 Occurrence/Fund Aggregate	10,000
Workers' Compensation:	Statutory	
Employer's Liability	5,000,000	
Supplemental Indemnity	Statutory	
Bond for School Business Administrator	235,000 Selective Insurance	
Bond for Treasurer of School Monies	235,000 Selective Insurance	
Student Accident/ Bollinger	All Students and Athletes	

Source: School District of the Town of Newton records

SINGLE AUDIT SECTION



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Independent Member
BKR International

Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Town of Newton School District
County of Sussex, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Town of Newton, in the County of Sussex (the "District") as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 14, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Honorable President and Members
of the Board of Education
Town of Newton School District
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

December 14, 2020
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

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Independent Member
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Report on Compliance For Each Major Federal and State Program
and Report on Internal Control Over Compliance

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Town of Newton School District
County of Sussex, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Town of Newton's (the "District's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2020. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2020.

The Honorable President and Members
of the Board of Education
Town of Newton School District
Page 2

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirements of the Uniform Guidance or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

December 14, 2020
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Heidi A. Wohlleb

Heidi A. Wohlleb
Licensed Public School Accountant #2140
Certified Public Accountant

TOWN OF NEWTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2019			Cash Received	Budgetary Expendi- tures	Cancellation of Prior Year Encum- brances	Balance at June 30, 2020		
					Budgetary Accounts Receivable	Budgetary Unearned Revenue					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Amounts Provided to Subrecipients
<u>U.S. Department of Agriculture:</u>													
Passed-through State Department of Agriculture:													
Child Nutrition Cluster:													
Food Distribution Program	10.555	N/A	7/1/19-6/30/20	\$ 12,904			\$ 12,904	\$ (10,857)			\$ 2,047		
Food Distribution Program	10.555	N/A	7/1/18-6/30/19	11,681				(2,197)					
National School Lunch Program	10.555	N/A	7/1/19-6/30/20	160,645			160,645	(160,645)					
National School Lunch Program	10.555	N/A	7/1/18-6/30/19	207,764			10,071						
COVID 19 - Seamless Summer													
Option	10.555	N/A	3/18/20-6/30/20	22,378			33,094	(22,378)					10,716
After School Snack	10.555	N/A	7/1/19-6/30/20	5,349			5,349	(5,349)					
School Breakfast Program	10.553	N/A	7/1/19-6/30/20	85,348			85,348	(85,348)					
School Breakfast Program	10.553	N/A	7/1/18-6/30/19	114,242			6,977	(6,977)					
Summer Food Service Program	10.559	N/A	7/1/19-6/30/20	38,613			12,956	(38,613)			\$ (25,657)		
Total Child Nutrition Cluster							327,344	(325,387)			2,047		10,716
Child and Adult Care Food Program	10.558	N/A	7/1/19-6/30/20	24,650			26,014	(24,650)					1,364
Total U.S. Department of Agriculture							353,358	(350,037)			2,047		12,080
<u>U.S. Department of Education:</u>													
Special Revenue Fund:													
Passed-through State Department of Education:													
Elementary and Secondary Education Act:													
Title I	84.010	ESEA359020	7/1/19-9/30/20	227,891			198,555	(206,573)			(8,018)		
Title I	84.010	ESEA359019	7/1/18-9/30/19	238,680			30,808	(2,430)		\$ 47			
Title I - SIA	84.010	ESEA359020	7/1/19-9/30/20	10,090		(28,425)	9,537	(9,537)					
Title I - SIA	84.010	ESEA359019	7/1/18-9/30/19	13,077			12,787	(12,787)					
Title I - Reallocated	84.010	ESEA359020	10/1/19-9/30/20	16,163			14,114	(15,809)			(1,695)		
Title I - Reallocated	84.010	ESEA359019	10/1/18-9/30/19	25,856			1,122	(949)			(948)		
Total Title I						(29,546)	266,923	(248,085)		47	(10,661)		
Title II	84.367	ESEA359020	7/1/19-9/30/20	27,656			12,593	(23,032)			(10,439)		
Title II	84.367	ESEA359019	7/1/18-9/30/19	37,560		(453)	1,600	(1,147)					
Total Title II						(453)	14,193	(24,179)			(10,439)		
Title III	84.365	ESEA359020	7/1/19-9/30/20	10,490			3,396	(5,503)			(2,107)		
Title III	84.365	ESEA359019	7/1/18-9/30/19	8,572		(1,954)	2,060	(106)					
Total Title III						(1,954)	5,456	(5,609)			(2,107)		
Title III - Immigrant	84.365	ESEA359020	7/1/19-9/30/20	3,295			2,379	(1,825)					554
Title III - Immigrant	84.365	ESEA359019	7/1/18-9/30/19	2,517			554	(554)					
Total Title III - Immigrant							2,933	(2,379)					554
Title IV	84.424	ESEA359020	7/1/19-9/30/20	15,639			7,419	(13,810)			(6,391)		
Title IV	84.424	ESEA359019	7/1/18-9/30/19	19,212		(3,674)	11,028	(7,354)					
Total Title IV						(3,674)	18,447	(21,164)			(6,391)		
COVID-19 - CARES Emergency Relief	84.425D	CARES359020	3/13/20-9/30/22	176,041				(16,950)			(16,950)		
Total CARES Emergency Relief								(16,950)					

TOWN OF NEWTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2019			Cash Received	Budgetary Expenses	Cancellation of Prior Year Encum- brances	Balance at June 30, 2020		
					Budgetary Accounts Receivable	Budgetary Unearned Revenue					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor
<u>U.S. Department of Education: (Continued)</u>													
<u>Special Revenue Fund: (Continued)</u>													
Passed-through State Department of Education: (Continued)													
Elementary and Secondary Education Act: (Continued)													
21st Century Community Learning Centers (CCLC)	84.287	20E00079	9/1/19-8/31/20	\$ 425,000			\$ 281,043	\$ (336,476)		\$ (55,433)			
21st Century Community Learning Centers (CCLC)	84.287	19E00073	9/1/18-8/31/19	425,000			93,017	(41,627)		(55,433)			
Total 21st CCLC							374,060	(378,103)					
<u>Special Education Cluster (IDEA):</u>													
I.D.E.A. Part B, Basic	84.027	IDEA359020	7/1/19-9/30/20	375,137			364,523	(370,753)		(6,230)			
I.D.E.A. Part B, Basic	84.027	IDEA359019	7/1/18-9/30/19	374,975			12,276	(4,780)					
I.D.E.A. Preschool	84.173	IDEA359020	7/1/19-9/30/20	10,343			1,252	(3,450)		(2,198)			
I.D.E.A. Preschool	84.173	IDEA359019	7/1/18-9/30/19	12,330			79			(8,428)			
Total Special Education Cluster (IDEA)							378,130	(378,983)					
Carl D. Perkins - Secondary	84.048	PERK359020	7/1/19-6/30/20	16,040			16,040	(16,040)					
Total Carl D. Perkins - Secondary							16,040	(16,040)					
Subtotal - Special Revenue Fund							1,076,182	(1,091,492)	\$ 47		(110,409)	\$ 554	
Total U.S. Department of Education							1,076,182	(1,091,492)	47		(110,409)	554	
<u>U.S. Department of Health and Human Services:</u>													
<u>Medicaid Cluster:</u>													
Medicaid Assistance Program	93.778	N/A	7/1/19-6/30/20	50,536			50,536	(50,536)					
Total U.S. Department of Health and Human Services/Total Medicaid Cluster							50,536	(50,536)					
Total Federal Awards							\$ 1,480,076	\$ (1,492,065)	\$ 47	\$ (136,066)	\$ 2,047	\$ 12,634	\$ -0-

N/A - Not Applicable

SEE THE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWN OF NEWTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2019			Cash Received	Budgetary Expenditures	Balance at June 30, 2020		MEMO		
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Budgetary Accounts Receivable			GAAP Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
<u>State Department of Education:</u>													
General Fund State Aid:													
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	\$ 6,006,859				\$ 5,413,800	\$ (6,006,859)			\$	(593,059)	\$ 6,006,859
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	229,942				207,240	(229,942)				(22,702)	229,942
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	596,193				537,331	(596,193)				(58,862)	596,193
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	221,598				199,719	(221,598)				(21,879)	221,598
School Choice Aid	20-495-034-5120-068	7/1/19-6/30/20	20,988				18,916	(20,988)				(2,072)	20,988
Extraordinary Special Education Costs Aid	20-100-034-5120-473	7/1/19-6/30/20	74,587					(74,587)				(74,587)	74,587
Excess Nonpublic Transportation Costs	20-495-034-5120-014	7/1/19-6/30/20	4,399					(4,399)				(4,399)	4,399
Homeless Tuition Reimbursement	20-495-034-5120-005	7/1/19-6/30/20	197,896					(197,896)				(197,896)	197,896
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/19-6/30/20	897,330					(897,330)				(46,762)	897,330
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001	7/1/19-6/30/20	1,011,719					(1,011,719)				(46,762)	1,011,719
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	7/1/19-6/30/20	2,679,119					(2,679,119)					2,679,119
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	7/1/19-6/30/20	48,020					(48,020)					48,020
On-Behalf TPAF Long-Term Disability Insurance	20-495-034-5094-004	7/1/19-6/30/20	2,362					(2,362)					2,362
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	5,406,257	\$ (541,454)			541,454						5,406,257
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	229,942	(23,029)			23,029						229,942
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	596,193	(59,711)			59,711						596,193
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	221,598	(22,194)			22,194						221,598
School Choice Aid	19-495-034-5120-068	7/1/18-6/30/19	12,276	(1,230)			1,230						12,276
Extraordinary Special Education Costs Aid	19-100-034-5120-473	7/1/18-6/30/19	64,800	(64,800)									64,800
Excess Nonpublic Transportation Costs	19-495-034-5120-014	7/1/18-6/30/19	2,895	(2,895)									2,895
Homeless Tuition Reimbursement	19-495-034-5120-005	7/1/18-6/30/19	225,698	(225,698)									225,698
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/1/18-6/30/19	952,629	(48,131)			48,131						952,629
Subtotal - General Fund				(989,142)			11,957,936	(11,991,012)			(323,644)	(1,022,218)	19,703,300
Special Revenue Fund Aid:													
Preschool Education Aid	20-495-034-5120-086	7/1/19-6/30/20	1,162,938				1,048,121	(889,526)				(114,817)	889,526
Preschool Education Aid	19-495-034-5120-086	7/1/18-6/30/19	867,954	(86,928)			86,928	(450,658)					867,954
Subtotal - Special Revenue Fund				(86,928)			1,135,049	(1,340,184)				(114,817)	1,757,480

TOWN OF NEWTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2019		Cash Received	Budgetary Expenditures	Balance at June 30, 2020		MEMO		
				Budgetary Accounts Receivable	Budgetary Unearned Revenue			GAAP Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:												
Food Service Fund:												
State School Lunch Program	20-100-010-3350-023	7/1/19-6/30/20	\$ 5,072			\$ 3,714	\$ (5,072)	\$ (1,358)	\$	\$ (1,358)	\$ 5,072	
COVID 19 - Seamless Summer Option	20-100-010-3350-023	3/18/20-6/30/20	216			319	(216)		\$ 103		216	
State School Lunch Program	19-100-010-3350-023	7/1/18-6/30/19	5,294	\$ (248)		248					5,294	
Subtotal - Food Service Fund				(248)		4,281	(5,288)	(1,358)	103	(1,358)	10,582	
Total State Department of Education				(1,076,318)	\$ 450,658	13,097,266	(13,336,484)	(325,002)	103	(1,138,393)	21,471,362	
Total State Awards				\$(1,076,318)	\$ 450,658	\$ 13,097,266	\$(13,336,484)	\$(325,002)	\$ 103	\$(1,138,393)	\$ 21,471,362	
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001	7/1/19-6/30/20	(1,011,719)				1,011,719					
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	7/1/19-6/30/20	(2,679,119)				2,679,119					
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	7/1/19-6/30/20	(48,020)				48,020					
On-Behalf TPAF Long-Term Disability Insurance	20-495-034-5094-004	7/1/19-6/30/20	(2,362)				2,362					
Subtotal - On-Behalf TPAF Pension System Contributions							3,741,220					
Total State Awards Subject to Single Audit Major Program Determination										\$ (9,595,264)		

SEE THE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Town of Newton School District under programs of the federal and state governments for the fiscal year ended June 30, 2020. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District’s basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general and special revenue funds are presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$50,956) for the general fund and (\$82,162) for the special revenue fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Revenue from federal and state awards is reported in the Board’s basic financial statements on a GAAP basis as presented on the following page:

TOWN OF NEWTON SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 50,536	\$ 11,940,056	\$ 11,990,592
Special Revenue Fund	1,052,416	1,304,560	2,356,976
Food Service Fund	350,037	5,288	355,325
Total Awards	<u>\$ 1,452,989</u>	<u>\$ 13,249,904</u>	<u>\$ 14,702,893</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 6. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2020.

TOWN OF NEWTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following:

<u>Federal:</u>	<u>C.F.D.A./</u> <u>State Grant Number</u>	<u>Grant Period</u>	<u>Award</u> <u>Amount</u>	<u>Budgetary</u> <u>Expenditures</u>
<u>Special Education Cluster (IDEA):</u>				
I.D.E.A. Part B, Basic	84.027	7/1/19-9/30/20	\$ 375,137	\$ 370,753
I.D.E.A. Part B, Basic	84.027	7/1/18-9/30/19	374,975	4,780
I.D.E.A. Preschool	84.173	7/1/19-9/30/20	10,343	3,450
<u>State:</u>				
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	6,006,859	6,006,859
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	596,193	596,193
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	221,598	221,598
School Choice Aid	20-495-034-5120-068	7/1/19-6/30/20	20,988	20,988
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/19-6/30/20	897,330	897,330
Preschool Education Aid	20-495-034-5120-086	7/1/19-6/30/20	1,162,938	889,526
Preschool Education Aid	19-495-034-5120-086	7/1/18-6/30/19	867,954	450,658

- The threshold used for distinguishing between Type A and Type B federal and state programs was \$750,000.
- The District was determined to be a "low-risk" auditee for both federal and state programs.

TOWN OF NEWTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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Summary of Auditors' Results: (Cont'd)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in 2 CFR 200.516(a) of the Uniform Guidance.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

TOWN OF NEWTON SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Status of Prior Year Findings:

The District had no prior year audit findings.